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97TH CONGRESS, 2d Session } SENATE { REPORT No. 97-334

AMENDING THE POTATO RESEARCH AND PROMOTION ACT

APRIL 19 (legislative day, APRIL 13), 1982.—Ordered to be printed

Mr. HELMS, from the Committee on Agriculture, Nutrition, and Forestry, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany H.R. 2160]

The Committee on Agriculture, Nutrition, and Forestry, to which was referred the bill (H.R. 2160) to amend the Potato Research and Promotion Act, having considered the same, reports favorably thereon with an amendment and an amendment to the title, and recommends that the bill as amended do pass.

SHORT EXPLANATION

H.R. 2160, as amended by the Committee, would modify the provisions of the Potato Research and Promotion Act to—

(1) Expand the membership of the National Potato Promotion Board, which administers the program, to include representatives from the public;

(2) Authorize an increase in the rate of assessment levied on potatoes to fund the program;

(3) Provide for the Department of Agriculture to be reimbursed for all referendum and administrative costs incurred in connection with the program;

(4) Provide authority for the Secretary to enforce the provisions of the potato promotion plan and the regulations thereunder through warning notices and through administrative civil penalties and cease and desist orders;

(5) Delete authority for the Secretary to initiate criminal prosecutions for violations of the plan; and

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(6) Provide that the existing plan will remain in effect in the event a referendum fails to approve any proposed amendments to the plan.

In addition, the bill also expresses the sense of Congress that the President should work with the Federal Reserve System to bring about lower interest rates for farmers and that the President, in nominating persons to serve on the Board of Governors of the System in 1982, should ensure that agricultural interests are provided fair representation on the Board.

Finally, the bill (1) recognizes that inflation rates that affect farm production costs are declining and that the President and the Secretary of Agriculture are already exercising existing authority to limit agricultural production, to expand exports, and to otherwise improve conditions in the farm economy; and (2) expresses the sense of Congress that the President and the Secretary of Agriculture should take expeditious action under existing authority to strengthen commodity prices for farmers, provide credit assistance to farmers, and further expand export opportunities, giving particular attention to possible courses of action such as:

—increasing efforts to encourage farmer participation in the 1982 voluntary reduced acreage programs;
—implementing a voluntary paid land diversion program in 1983;
—early announcement of the terms and conditions of the commodity programs for 1983 crops;
—establishing price support loan rates for 1983 crops of wheat, feed grains, and rice at levels higher than those for the 1982 crops;
—actively pursuing an aggressive export development program;
—providing for deferrals on repayment, reamortization or rescheduling, and foregoing foreclosures wherever practicable on Farmers Home Administration loans; and
—implementing the economic emergency loan program when existing farm operating loan funds are exhausted.

Committee Amendment

The Committee amendment to the text of the bill adds a new section at the end thereof.

The amendment recognizes that the President and the Secretary of Agriculture are presently using current authority to strengthen and improve conditions in the farm economy through actions to limit production and expand exports, but expresses the sense of Congress that further expeditious action be taken under existing authority to strengthen commodity prices for farmers, provide credit assistance to farmers, and further expand export opportunities, and lists various possible courses of action to be given particular attention.

The Committee amendment to the title of the bill is technical in nature.

Purpose and Need for the Legislation

I. Potato Research and Promotion

General Background and Legislative History

On January 11, 1971, the Potato Research and Promotion Act was enacted as title III of Public Law 91–670, to enable potato growers

to finance a nationally coordinated research and promotion program to improve their competitive position and expand their markets for potatoes by increasing consumer acceptance of potatoes and potato products and improving their quality.

Congress recognized that the maintenance and expansion of existing potato markets and the development of new or improved markets are vital to the welfare of potato growers and those concerned with marketing, using, and processing potatoes as well as the general economic welfare of the Nation.

In the declaration of policy, the act states:

> . . . that it is essential in the public . . . to authorize the establishment of an orderly procedure for the financing, through adequate assessments on all potatoes harvested in the United States for commercial use, and the carrying out of an effective and continuous coordinated program of research, development, advertising, and promotion designed to strengthen potatoes' competitive position, and to maintain and expand domestic and foreign markets for potatoes produced in the United States.

The act gave our Nation's potato producers the tools they needed to secure their position in the market and to begin to build new markets at home and abroad. Administration of the program is carried out through a National Potato Promotion Board selected by the Secretary of Agriculture from nominations submitted by potato producers. The board's activities have included industry-wide merchandizing and advertising programs, export promotion programs, and the development of nutritional data and guidelines. Since its enactment in 1971, the voluntary assessment program has enjoyed the participation of over 97 percent of potato growers in the country.

The bill incorporates amendments recommended by the National Potato Council and by the Administration. These modifications would make various changes in the act to modernize and streamline certain of its provisions. First, the maximum rate of assessment of potato growers would be increased in order to allow actual assessments to catch up and keep pace with inflation and thus provide needed funds to continue the promotion activities of the potato board.

Second, the membership of the board, now restricted to potato producers, would be expanded to include members of the public.

Third, USDA would be reimbursed for administrative costs and the costs of conducting referenda in connection with this program.

Finally, authority for the Secretary to enforce the provisions of the act and the plan through administrative civil penalties and cease and desist orders would be provided in place of the present criminal prosecution provisions.

Rate of Assessment

Since its inception in 1971, the assessment rate for potatoes has remained constant while the Consumer Price Index has risen over 100 percent. The erosion of purchasing power has reduced money available to carry out the purposes of the act.

In order for this program to continue to provide effective marketing and research assistance to the potato industry, the proposed legislation would change the assessment rate for any fiscal year to no more than

one-half of 1 percent of the immediate past 10-calendar-year U.S. average price received by growers as reported by the Department of Agriculture. This change will provide presently needed revenues and will allow for modest increases in each successive year.

Based on average price during the 10-calendar-year period of 1971–1980, the rate of assessment could be established at approximately 1.9 cents per hundredweight. In fiscal year 1983, such a rate of assessment would generate revenues of about $4.2 million, compared with current revenues of approximately $2.3 million per year. This increase would allow the program to return to earlier higher levels of activity.

Before any increase in assessment could become effective, the plan governing operations of the program would need to be amended and the revised plan approved by potato producers in a national referendum. Under the act, the revised plan must be approved by not less than two-thirds of the producers voting in the referendum, or by not less than a majority of the producers voting in the referendum if they produce not less than two-thirds of the potatoes produced by those voting in the referendum during a representative period of time.

Public Representatives on the Board

In the act as originally enacted, membership on the potato promotion board was restricted to representatives of potato producers selected by the Secretary of Agriculture from nominations submitted by producers. Experience with similar national commodity research and promotion programs, however, has indicated that limited participation on such boards by public members provides an opportunity for the consideration of more diverse viewpoints useful to these boards in formulating research and promotion activities. The bill would authorize public members selected by the Secretary from nominations submitted by the board to serve on the board. The number of such public members will be determined in the plan and is subject to approval by producers in a referendum.

Reimbursement to USDA for Administrative and Referenda Costs

The Department of Agriculture provides oversight on research, education, and promotion programs for a number of agricultural commodities. With the exception of the programs for wool and potatoes, the Department is fully reimbursed for its administrative expenses from assessments collected on the particular commodity involved in each program. This proposed legislation would eliminate Federal funding of the Department's administrative expenses under the act and conform the potato program with the policy that applies to the bulk of the other similar research, education, and promotion programs. Thus, the costs for the administration of this program, including the cost of holding referenda, will be borne by the potato producers for whom the program is designed to benefit.

Modification of Enforcement Provisions

The enforcement provisions are modified to provide authority for the Secretary to deal with violators through written warning notices and administrative civil penalties and cease and desist orders. Presently the act authorizes the Department to enforce the provisions of the act, or the plan, through action in the Federal courts, or through criminal prosecution of any violations thereof. The committee believes

that the enforcement of the act and the plan could be accomplished more effectively if the act authorized the issuance of cease and desist orders and the assessment of civil penalties by the Secretary after opportunity for an administrative hearing. Such provisions would allow the Department to deal directly with violators during enforcement proceedings, thu increasing the probability of gaining compliance, and would spare the presently overburdened Federal court system the responsibility of hearing at the trial level those cases which could be effectively resolved through administrative action. In addition, it is anticipated that such authority could speed up the process for enforcing the provisions of the act. These changes would conform the Potato Research and Promotion Act to the Department's policy relative to other commodity research and promotion programs.

In the Event Referendum Defeats Proposed Amendments, Plan Remains in Effect

To assure the continuity of any existing potato research and promotion plan, a plan would remain in effect in the event that proposed amendments to the plan were not approved in a referendum. For example, if in the referendum producers should fail to approve the increase in assessment authorized by H.R. 2160, the existing plan would continue in effect and the program would not be discontinued.

II. STRENGTHENING THE FARM ECONOMY

A.

Agriculture—the total food and fiber system—is a driving force in the economy of the Nation and the world.

While farmers make up only about 3 percent of the national labor force, their activities have a tremendous effect on the total economy. In 1980, economic activities generated by agriculture contributed approximately $533 billion to the gross national product (GNP), slightly more than 20 percent of the total GNP, which exceeded $2.6 trillion.

The large agricultural-related contribution to the GNP comes about because each farm dollar (as measured by consumer purchases and exports) generates $2.30 in gross business. This is what economists call the "multiplier" effect of agricultural dollars.

There are 3.3 million workers engaged in farm production. The labor force that supplies and supports them, however, is more than six times as large, totaling 20.4 million workers. Together these industries provide jobs for nearly 23 percent of the total available American work force.

Farm-produced goods account for 19 percent of U.S. export earnings from all products. In 1981, agricultural exports totaled nearly $44 billion and agricultural imports were $17.4 billion, making agriculture's net contribution to the U.S. balance of payments $26.6 billion. The nonagricultural trade deficit incurred by the United States last year was more than $60 billion. Agricultural exports reduced the overall trade deficit to $33.4 billion.

U.S. farmers, however, are now facing their third consecutive year of low farm income. Currently, many family farmers are experiencing severe cash flow problems as a result of a serious cost-price squeeze. Young, highly-leveraged farmers are particularly vulner-

able, but even established farmers are not immune. Although farm operating credit has been generally available, at least for well-situated borrowers, it is quite costly.

The farm economy is still suffering from high interest rates, record production levels, and the grain embargo of January 4, 1980. Exports have been constrained by the sluggish world economy, large world crop supplies, and weak foreign currencies relative to the dollar.

B.

The committee recognizes that President Reagan and Secretary of Agriculture John R. Block have undertaken a number of actions to strengthen the farm economy, including changes in commodity programs and aggressive export market development.

The President's economic program has helped to reduce inflation and cut the spiraling increases in farm costs. This year, production expenses are expected to climb only 3 to 6 percent—the smallest annual increase since 1975.

Administratively, the Secretary of Agriculture has increased the emphasis on agricultural research and emphasized farmer-oriented leadership at the Department.

The Administration has actively pursued a reduction in trade barriers. Through the General Agreement on Tariffs and Trade, the United States is challenging the European Community's open ended use of export subsidies on certain agricultural products, which have been unfairly used to gain an inequitable share of world trade. Similarly, the Japanese have been urged to reduce their nontariff trade barriers.

On March 22, 1982, President Reagan announced his long-term policy on farm exports, including three essential priorities:

(1) No restrictions will be imposed on the exportation of farm products because of rising domestic prices;

(2) Farm exports will not be used as an instrument of foreign policy except in extreme situations and as part of a broader embargo; and

(3) World markets must be freed of trade barriers and unfair trade practices.

The Department of Agriculture has actively pursued the President's trade policy by sending trade teams, including the Secretary, around the world to promote sales of U.S. farm products. The Department has also proposed a $4 million increase in the foreign market development program and recommended that $2.5 billion in agricultural export credit guarantees be provided, the highest level in history.

While the committee recognizes the efforts already made by the admistration to expand U.S. export sales of agricultural products, the committee believes that an aggressive export development program should be pursued, using all the authorities available to the President and the Secretary of Agriculture.

C.

The committee believes that some of the most visible and immediate economic concerns facing farmers are high interest rates and adequate farm credit.

As agriculture has become more capital-intensive over the years, it has also become increasingly sensitive to high interest rates on farm debt. According to USDA, farmers paid $18.9 billion short and long-term interest during 1981. From 1975 to 1980, this figure increased from $6.4 to $15.8 billion.

Interest rates are one element of the Nation's credit and monetary system for which the Federal Reserve System is responsible. Broad supervisory powers are vested in the Board of Governors, composed of seven members. The Board's principal duties consist of exerting an influence over credit conditions and supervising the Federal Reserve banks and member banks.

In view of the current economic situation, the committee believes that the President should work with the Federal Reserve Board in implementing policies that will reduce interest rates as soon as practicable. Further, the Committee is of the opinion that agricultural interests deserve fair representation on the Board and should be considered by the President when nominating persons to fill vacancies on the Board during 1982.

Due to the current economic conditions in agriculture, the Department has brought together representatives of commercial banks, the Farm Credit Administration, and the Farmers Home Administration to coordinate policies on farm financing.

In addition, the Farmers Home Administration has initiated the "New Full-time Family Farmer and Rancher Development Project" on a pilot basis to provide volunteer, private sector assistance to beginning farmers. In the current year, farm operating loan funds for the Farmers Home Administration have been increased. The Department has also indicated that discretionary authority for the economic emergency loan program will be used if existing FmHA farmer program funds are exhausted.

While the committee recognizes that the Department of Agriculture is taking steps to continue to assist as many Farmers Home Administration borrowers as possible, the committee is concerned about the financial standing of FmHA borrowers.

The committee believes that, based on the individual circumstances of the borrower, the FmHA should defer, reamortize, or reschedule loans to avoid foreclosures wherever practicable.

In addition, the committee believes that the economic emergency loan program of FmHA should be implemented when existing FmHA farm operating loan funds have been exhausted.

D.

In the Agriculture and Food Act of 1981 (Public Law 97–98), Congress provided broad authority for the President and the Secretary of Agriculture to take administrative action to support farm commodity prices. The Secretary is authorized to offer a set-aside, acreage reduction, or paid land diversion program when supplies are judged to be excessive. Along with many other provisions, the act sets minimum price support loan rates for the major commodities.

On January 29, Secretary Block announced acreage reduction programs for the 1982 crops of wheat, feed grains, upland cotton, and rice. Producers who comply will be eligible for Government price support loans and target price protection. The Secretary also an-

nounced that eligible wheat and feed grain producers would be allowed immediate entry into the farmer-owned reserve, for which they could receive a higher loan level than the regular price support loan rate—a differential of 45 cents for wheat and 35 cents for corn—and a 26½ cent per bushel storage payment. This premium per bushel should encourage additional participation in the program and provide more cash flow to farmers.

The committee believes that the authorities provided in the Agriculture and Food Act of 1981 should be used expeditiously. Possible courses of action which deserve attention include an increased effort to encourage farmers to participate in acreage reduction programs in 1982, and a paid land diversion and higher loan rates for 1983.

Committee Consideration

H.R. 2160 is the companion bill to S. 862, introduced by Senator Armstrong. As introduced, S. 862 would have authorized an increase in the rate of assessment and provided that the failure of producers to approve any amendments to a plan in a referendum would not invalidate the existing plan. As introduced, H.R. 2160 contained similar provisions.

The Department of Agriculture reported favorably on both the House and Senate bills recommending adoption subject to certain amendments. The Department's proposed amendments were incorporated in large measure into H.R. 2160 by the Committee on Agriculture in the House of Representatives, and the bill, as amended, was reported on March 5, 1982. H.R. 2160 passed the House on March 9, 1982, and was received by the Senate and referred to the Committee on Agriculture, Nutrition, and Forestry on March 10, 1982. S. 862 was reported to the committee from the Subcommittee on Agricultural Research and General Legislation without amendment.

On March 31, 1982, the full committee met in open session and considered H.R. 2160.

Potato Research and Promotion

At the request of Chairman Helms, the provisions of both S. 862 and H.R. 2160 were explained to the committee members. The chairman then pointed out that H.R. 2160 contains the same provisions as S. 862 plus it includes the additional provisions recommended for adoption by the Department.

It was also noted that the Department's amendments would result in the program being administered at no Federal cost, and that the industry supports adoption of H.R. 2160 rather than the companion bill S. 862, since H.R. 2160 had already passed the House following committee hearings and markup. The committee, therefore, proceeded to consider H.R. 2160.

Senator Dixon raised a question about the appropriateness of adopting the administrative enforcement provisions of the bill. The Administrator of the Agricultural Marketing Service commented for the Department that the industry supports these provisions because experience shows that in similar programs they tend to speed up enforcement and contribute to greater levels of voluntary compliance. A brief discussion of the provisions followed in which several Senators indicated some concern about the use of administrative civil penalties.

however, there was general agreement to adopt the provisions in light of the industry support for them.

Farm Income Estimates

Senator Dixon next proposed an amendment to H.R. 2160 to require the Secretary of Agriculture to make and disseminate by the 15th day of each month, estimates of gross farm receipts, production expenses of farmers, and net farm income for the past calendar year, the current calendar year, and during the last 3 months of each year estimates for the coming year, based on the most recent data available to the Secretary.

In support of his amendment, Senator Dixon stated that (1) the level of farm income is an important indicator of the health of rural America, (2) Congress must have timely and complete information about the current and expected financial condition of agricultural producers, and (3) this information helps Congress evaluate whether or not legislative action is required to preserve our vital food and fiber producing industry, an industry that contributes more to our balance of payments than any other.

The Senators also pointed out that until January of this year the Department had published this information and that the amendment would simply require it to continue doing so. After a general debate on the amendment, the committee agreed not to adopt the proposal as an amendment to H.R. 2160. However, the committee intends that the Secretary continue to make and disseminate the estimates of gross farms receipts, production expenses, and net farm income as proposed in Senator Dixon's amendment.

Strengthening the Farm Economy

Senator Huddleston next proposed an amendment to H.R. 2160 in the nature of a resolution expressing the sense of Congress that emergency action should be taken by the President and the Secretary of Agriculture to stabilize the farm economy by taking certain action under existing authority.

The amendment would request that the President work with the Federal Reserve Board to achieve lower interest rates and ensure that agricultural interests are fairly represented when nominations for vacant positions on the Board are submitted during 1982. In addition, it would recommend increased price support loan rates and the implementation of a voluntary paid land diversion program in 1982, an aggressive agricultural export program, a moratorium on Farmers Home Administration foreclosures, loan repayment deferrals and rescheduling for farmers under certain circumstances, and implementation of the economic emergency loan program.

Chairman Helms observed that the type of resolution North Caroline farmers would like to see is one seeking lower interest rates. The chairman also noted that there was no way of knowing the cost of the resolution being proposed.

Committee members generally agreed that farmers are facing many problems today, but some expressed concern about the timing of this proposal and suggested that various changes in its provisions would be appropriate. A suggestion was made to drop the references to the implementation of a voluntary paid diversion and for an increase in commodity support loan rates for 1982 crops. This was followed by a

proposal that the committee use the resolution language as the basis for a letter to the President seeking a personal audience to discuss the farm economy of adopting it as an amendment. It was next observed that aggressive measures are already being taken to correct many of the problems facing farmers and that any resolution should so indicate. Declining inflation rates and increased money budgeted for export development were cited as some examples along with others.

The discussion culminated in the general agreement that the proposed resolution be redrafted to incorporate changes suggested by (1) Senator Cochran, to balance the resolution to reflect actions already being taken as well as possible new actions; (2) Senator Lugar, to rephrase the resolution to clarify that the Committee's intent is to recommend that certain possible courses of action be given particular attention but not to mandate that all of the suggested actions be taken; and (3) Senator Boren, to request a moratorium on Farmers Home Administration foreclosures and deferred payment arrangements for particular farmers temporarily unable to meet their payment obligations due to circumstances beyond their control, but who can show they will be able to meet the payment obligations when normal market conditions return.

The proposed resolution was redrafted to reflect the suggested changes and was presented to the committee members again. Senator Cochran then proposed that the redrafted resolution be amended to encourage implementation of a paid land diversion for 1983 crops instead of for 1982 crops, and to encourage the establishment of commodity loan rates for 1983 crops at higher levels than for 1982 crops. Adoption of the redrafted resolution was then agreed to by the committee with the Cochran amendment.

With a majority of the members present, the committee then unanimously agreed by voice vote to report H.R. 2160, as amended, to the Senate.

Section-by-Section Analysis

The first section provides that this act may be cited as the "Potato Research and Promotion Act Amendments of 1982".

Composition of the National Potato Promotion Board

Section 2, paragraph (1), amends section 308(b) of the Potato Research and Promotion Act to require that the plan governing operation of the program provide for public representation on the National Potato Promotion Board which heretofore was restricted to producers. Public representatives on the board would be nominated by the board in the manner prescribed by the Secretary. If the board fails to nominate public representatives, the Secretary may appoint persons on the basis of representation as provided in the plan.

Increase in Rate of Assessment

Section 2, paragraph (2), amends section 308(e) of the Potato Research and Promotion Act to authorize the plan to provide for an increase in the rate of assessment from 1 cent per hundredweight to not more than one-half of 1 percent of the immediate past 10-calendar-year U.S. average price received for potatoes by growers as reported by the Department of Agriculture. The actual rate would be fixed by the Secretary, based on recommendations from the board, at a level

sufficient to cover the costs of administration of the plan, including any referendum and administrative costs estimated to be incurred by the Department of Agriculture under the act. Before any change in the plan could become effective, it would be subject to approval in a referendum of producers.

Reimbursement of Department of Agriculture Expenses

Section 2, paragraph (3), amends section 308(f)(1) of the Potato Research and Promotion Act to provide that the funds collected by the board shall be used, among other things, to pay for any referendum and administrative costs incurred by the Department of Agriculture.

Enforcement Provisions

Section 3 amends section 312 of the Potato Research and Promotion Act to provide the Secretary with administrative authority to handle violations through written notices of warning, and the issuance of cease and desist orders and civil penalties.

Specifically, this section provides that any person who violates any provision of the plan or the regulations issued by the Secretary under the Act, or who fails or refuses to pay, collect, or remit any assessment as required thereunder, may be assesed a civil penalty by the Secretary of not less than $500 or more than $5,000 for each such violation. Each violation would be a separate offense. In addition to or in lieu of a civil penalty, the Secretary may issue an order requiring such person to cease and desist from continuing such violations. No penalty may be assessed or cease and desist order issued unless the person is given notice and opportunity for a hearing before the Secretary. The order of the Secretary assessing a penalty or imposing a cease and desist order would be final and conclusive, unless the affected person files an appeal from the Secretary's order with the appropriate U.S. court of appeals.

Any person against whom a violation is found and a civil penalty assessed or cease-and-desist order issued may obtain review in the court of appeals of the United States for the circuit in which such person resides or carries on business, or in the U.S. Court of Appeals for the District of Columbia Circuit, by filing a notice of appeal in such court within 30 days from the date of such order and by simultaneously sending a copy of the notice by certified mail to the Secretary. The Secretary must thereafter promptly file a certified copy of the administrative record with the court, and the findings of the Secretary can be set aside only if found to be unsupported by substantial evidence.

Any person who fails to obey a cease and desist order after it has become final and unappealable, or after the appropriate court of appeals has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary of not more than $500 for each offense, and each day during which such failure continues shall be deemed a separate offense. Such civil penalties may be imposed only after opportunity for a hearing. Judicial review under the same procedures as discussed above for the other civil penalties is also provided.

If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or after the appropriate

court of appeals has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

Requirement of Referendum

Section 4 amends section 314 of the Potato Research and Promotion Act by providing that the failure of potato producers to approve an amendment to any plan will not invalidate the existing plan.

Strengthening the Farm Economy

Section 5(a) expresses the sense of Congress that the President should work with the Federal Reserve System to implement policies, as soon as practicable, that will reduce interest rates on farmer credit for necessary production items.

Subsection (b) states that Congress recognizes:

—that inflation rates that affect farm production costs are declining;

—that efforts have already been made by the Administration to improve conditions in the farm economy;

—that loan rates and target prices for the 1982 crops have been announced;

—that the Administration is already seeking to expand U.S. export sales of agricultural products through (1) a 12 percent increase in the budget for foreign market development programs, (2) a $2.5 billion budget for the export credit guarantee program, (3) contacts by the Secretary of Agriculture with foreign government officials of equivalent rank to affirm the U.S. position as a reliable supplier, to encourage them to reduce the use of export subsidies and other unfair trade practices that undercut U.S. exports to third country markets, and to reduce import restrictions, and (4) proposed increases in Public Law 480 title I programs; and

—that the Department of Agriculture has indicated that total 1982 farm foreclosures resulting from delinquent FmHA loans will not exceed 1 percent of all farmers holding such loans nor substantially exceed 1981 levels.

This subsection also expresses the sense of Congress that the President and the Secretary of Agriculture should use current authorities to take expeditious action to strengthen commodity prices received by farmers and provide additional credit assistance to farmers, with particular attention to the following possible courses of action:

—increased efforts to encourage farmer participation in the 1982 voluntary reduced acreage programs;

—early consideration and announcement of the terms and conditions of commodity programs for the 1983 crops;

—as a complement to any reduced acreage program, the implementation of a voluntary paid land diversion program for 1983 crops;

—establishment of price support loan rates for 1983 crops of wheat, feed grains, and rice at levels higher than those for 1982 crops;

—actively pursuing an aggressive export development program directed at opening up new markets for U.S. agricultural commodities using all available authorities;

—providing for deferrals on repayment, and foregoing foreclosures wherever practicable, on Farmers Home Administration loans for borrowers who can show that, as a result of circumstances beyond their control, they are unable to meet their debt obligations without unduly impairing their ability to meet essential farm needs but that they will be able to repay the loans at the end of the deferral period, the length of which the Secretary may establish based on individual circumstances;

—permitting reamortization or rescheduling of loans by Farmers Home Administration borrowers, at the original interest rate for the loan, to allow equitable repayment terms consistent with their farm and financial condition; and

—implementing the economic emergency loan program when existing farm operating loan funds are exhausted.

Subsection (c) further provides that it is the sense of Congress that the President, in nominating persons to fill openings on the Federal Reserve System Board of Governors in 1982, should ensure that agricultural interests are provided fair representation on the Board.

Regulatory Impact Evaluation

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the committee makes the following evaluation of the regulatory impact that would be incurred in carrying out H.R. 2160.

The purpose of this legislation is to amend the Potato Research and Promotion Act to provide for (1) a change in the maximum rate of assessment from 1 cent per hundredweight to not more than one-half of 1 percent of the immediate past 10-calendar-year U.S. average price received by growers, (2) public representation on the Potato Board, (3) reimbursement of referendum and administrative costs incurred by the Department, and (4) authority to deal directly with violators through the assessment of civil penalties and the issuance of cease-and-desist orders. These proposed changes, which are not considered to be regulatory in nature, would place the potato research and promotion program on a more comparable basis to other similar type programs administered by the Department. The proposed amendments, once enacted, would be incorporated into a revised plan which would be subject to the approval of the approximately 15,000 potato producers eligible to vote in the referendum.

Total revenue to be generated by this proposal is estimated at about $4 million annually. Reimbursement to the Department for costs it incurs will approximate $45,000 for salary costs and $15,000 for conduct of the referendum—or a cost impact per producer of about $4 per year.

The legislation would have no impact on the personal privacy of the individuals affected, nor would it impose additional recordkeeping requirements.

Administration Views

In a letter to Chairman Helms, dated October 5, 1981, Richard E. Lyng, Acting Secretary, U.S. Department of Agriculture, expressed the administration's view that S. 862 should be enacted with certain modifications. H.R. 2160, the companion bill to S. 862, already incorporated most of the Department of Agriculture's modifications at the time that it was referred to the committee. The letter from the Acting Secretary of Agriculture reads as follows:

Department of Agriculture,
Office of the Secretary,
Washington, D.C., October 5, 1981.

Hon. Jesse Helms,
Chairman, Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: Thank you for the opportunity to comment on S. 862, a bill to amend the Potato Research and Promotion Act. The effect of this bill would be to enable the Potato Board to recommend increased assessment rates so that it could maintain a national program of research, promotion, and market development designed to improve the demand for potatoes.

The Department favors enactment of this bill, provided additional modifications are made to sections 308 and 312 of the Act as outlined in the enclosed statement.

S. 862 amends the Potato Research and Promotion Act to change the maximum rate of assessment from 1 cent per hundredweight to not more than one-half of one percent of the immediate past 10-year U.S. average price received by growers as reported by the Department. Based on average prices received by growers during the period 1970–1979, a rate of assessment could be approximately 1.73 cents per hundredweight. Such a rate of assessment would generate revenues of about $3.8 million, compared with current revenues of approximately $2.3 million per year. Additionally, the proposed bill makes provision for retention of the existing program in the event that producers fail to approve the revised plan in referendum.

Due to spiraling costs, the program activities of the Potato Board have been substantially curtailed. The increase in the assessment rate, as proposed by S. 862, would allow the program to return to earlier levels of activity.

Additionally, the Department recommends certain modifications to the Act to provide for (1) public representation on the Board, (2) reimbursement of referendum and administrative costs incurred by the Department, and (3) authority to deal directly with violators through the assessment of civil penalties and the issuance of cease and desist orders. Suggested language and details of the amendments are discussed in the enclosed statement. These changes would conform the Potato Research and Promotion Act to the Department's policy relative to commodity research and promotion programs.

Estimated administrative costs incurred by the Department would approximate $45,000 in FY 1982, or about 2 staff years. Additional reimbursement to the Department for conduct of the referendum

would approximate $10,000 to $15,000, depending upon mailing costs and other related factors at the time of the referendum.

This legislation would have no impact on the quality of the human environment.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

RICHARD E. LYNG,
Acting Secretary.

Enclosure.

U.S. DEPARTMENT OF AGRICULTURE

RECOMMENDED MODIFICATION TO THE POTATO RESEARCH AND PROMOTION ACT

Section 308(b) (7 U.S.C. 2617).—The Department recommends modification of this subsection to provide for public representation on the board. This change can be effected by deleting subsection (b) in its entirety and inserting in lieu thereof:

> (b) Providing that the board shall be composed of representatives of producers and the public as selected by the Secretary. The representatives of producers shall be nominated by producers in such manner as may be prescribed by the Secretary. Public representation to the board shall be nominated by board members in such manner as may be prescribed by the Secretary. In the event that producers fail to select nominees for appointment to the board, or the board fails to select public representatives, the Secretary may appoint persons on the basis of representation provided for in such plan.

Section 308(f)(1) (7 U.S.C. 2617).—The Department recommends modification to this subsection to provide that any referendum and administrative costs incurred by the Department shall be paid by handler assessments. This change can be effected by inserting before the semicolon at the end of (f)(1) the following phrase ", including any referendum and administrative costs incurred by the Department".

Section 312 (7 U.S.C. 2621).—This section presently requires the Department to resort to action in the Federal courts in all cases to enforce the provisions of the act. The Department believes that the enforcement of the order could be accomplished more effectively if the act authorized the issuance of cease and desist orders and the assessment of civil penalties by the Secretary after opportunity for an administrative hearing, rather than provisions for fines imposed by the Federal courts. Such provisions would allow the Department to deal directly with violators during enforcement proceedings, thus increasing the probability of gaining compliance, and would spare the presently overburdened Federal court system the responsibility of hearing at the trial level those cases which could be effectively resolved through administrative action. In addition, it is anticipated that such authority could speed up and the process for enforcing the

provisions of the act. We, therefore, recommend that section 312 of the act be revised as follows:

Section 312. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating any plan or regulation made or issued pursuant to this Act. Any civil action authorized to be brought under this subsection shall be referred to the Attorney General for appropriate action: *Provided*, That nothing in this Act shall be construed as requiring the Secretary to refer to the Attorney General violations of this Act whenever he believes that the administration and enforcement of the program would be adequately served by administrative action pursuant to paragraph (b) of this section or suitable written notice or warning to any person committing such violations.

(b) (1) Any person who violates any provision of any plan or regulation issued by the Secretary pursuant to this Act, or who fails or refuses to pay, collect, or remit any assessment or fee duly required of him thereunder, may be assessed a civil penalty by the Secretary of not less than $500 or more than $5,000 for each such violation. Each violation shall be a separate offense. In addition to or in lieu of such civil penalty the Secretary may issue an order requiring such person to cease and desist from continuing such violations. No penalty shall be assessed or cease and desist order issued unless such person is given notice and opportunity for a hearing before the Secretary with respect to such violation, and the order of the Secretary assessing a penalty or imposing a cease and desist order shall be final and conclusive unless the affected person files an appeal from the Secretary's order with the appropriate United States court of appeals.

(2) Any person against whom a violation is found and a civil penalty assessed or cease and desist order issued under paragraph (b) (1) of this section may obtain review in the court of appeals of the United States for the circuit in which such person resides or has his place of business or in the United States Court of Appeals for the District of Columbia Circuit by filing a notice of appeal in such court within thirty days from the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record upon which such violation was found. The findings of the Secretary shall be set aside only if found to be unsupported by substantial evidence.

(3) Any person who fails to obey a cease and desist order after it has become final and unappealable, or after the appropriate court of appeals has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review pursuant to the procedures specified in paragraphs (b) (1) and (2) of this section, of not more than $500 for each offense, and each day during which such failure continues shall be deemed a separate offense.

(4) If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or after the appropriate court of appeals has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

COST ESTIMATE

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate, the Committee estimates there would be no cost to the Government, but there would be a reduction in expenditures as a result of the enactment of H.R. 2160.

In accordance with the Congressional Budget Act of 1974, the Congressional Budget Office prepared the following cost estimate:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., April 13, 1982.

Hon. JESSE A. HELMS,
Chairman, Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, Russell Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has reviewed H.R. 2160, the Potato Research and Promotion Act Amendments of 1981, as ordered reported by the Senate Committee on Agriculture, Nutrition, and Forestry, March 31, 1982.

This bill increases the maximum fee paid to the National Potato Promotion Board by producers and provides enforcement procedures for fee collection and procedures for a referendum of producers. The fees collected are authorized to be used to reimburse the Department of Agriculture for any referendum and administrative costs incurred. Assuming enactment of the bill by fiscal year 1983, CBO estimates that this reimbursement will result in savings to the Government of $48,000, $52,000, $55,000, $58,000, and $61,000 in fiscal years 1983 through 1987, respectively, based on the current estimated cost of about $45,000 for the referendum and administrative expenses.

On March 5, 1982, the Congressional Budget Office prepared a cost estimate for the same bill as ordered reported by the House Committee on Agriculture.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

RAYMOND C. SCHEPPACH
(For Alice M. Rivlin, Director).

ADDITIONAL VIEWS OF SENATORS HUDDLESTON, LEAHY, ZORINSKY, MELCHER, PRYOR, BOREN, DIXON, AND HEFLIN

I.

The farmers of this Nation are facing economic and financial hardships of the most severe nature. We are deeply concerned over the declining farm economy and the failure of the Administration to address fully the needs of farmers. We support the Committee amendment to H.R. 2160 that adds a new section to the bill expressing the sense of Congress that the President and Secretary of Agriculture should take action to strengthen the farm economy.

The Committee amendment includes several provisions of an amendment offered by Senator Huddleston incorporating the provisions of S. Res. 346, a sense of the Senate resolution (introduced by Senator Huddleston on March 18, 1982, and cosponsored by 14 other Senators) that addresses this critical matter in a manner similar to the Committee amendment. The Committee amendment also contains clarifying provisions suggested by Senator Boren, Senator Lugar, and Senator Cochran, and other material.

The Committee amendment will serve to notify the Executive Branch that Congress is expecting it to use the tools Congress has already given it to deal with the special problems confronting U.S. farmers.

We are concerned, however, that the Committee amendment may not fully convey the necessity for a comprehensive recovery program for U.S. farmers nor the need for immediate action. Agriculture is the Nation's most important industry. It provides food and fiber at reasonable prices to the people of this Nation and millions of others throughout the world. Also, the food and fiber industry is the Nation's largest business—employing 23,000,000 people.

Action must be taken now to prevent massive failures in the farm economy and the harm to the national economy that would surely follow. We strongly urge the President and the Secretary of Agriculture to take the actions discussed in these additional views, as well as the steps called for in the Committee amendment, to revitalize the farm economy.

II.

In 1980, total real farm income, adjusted for inflation, dipped below $10 billion for the first time since the early 1930's. In 1981, increased costs of production (including interest charges), weak commodity prices, and failure to achieve big increases in agricultural exports resulted in a second consecutive year of extraordinarily low farm income.

So far in 1982, commodity prices have continued to slide downward. Barring major modifications of current agricultural policy, real farm income in 1982 is expected to be even lower than it was in 1980 or 1981.

Without action, if present projections prove to be accurate, farmers will experience, in 1982, the lowest real farm income since the Department of Agriculture began making such estimates in the early part of this century. A table showing farm income figures for the period 1910 through 1981 is contained in appendix A of these additional views.

The last time farmers experienced three consecutive years of such low income was in the midst of the Great Depression, when thousands of farm operators were forced out of business. Just as it was in the 1930's, many farmers today are confronting the prospect of liquidation either because they can't pay their bills, or because they simply cannot continue to operate at a loss.

As agriculture falters, related industries, such as the farm machinery industry, and the economies of rural communities are being adversely affected. A recent survey of American Bankers Association member banks concluded that local rural economies have been broadly affected by low farm income, and that there is a recession in rural areas directly related to the farm income problem.

Also, because modern agriculture is highly capital-intensive, many farmers, and the farm economy as a whole, are being devastated by high interest rates and the inability to obtain operating credit. It is abundantly clear that, in addition to the emergency created by plummeting farm income, a financial emergency exists for the many farmers in need of credit.

For the first time ever, the farm credit system has found it necessary to monitor the number of foreclosures.

Some farm credit districts have indicated that close to 10 percent of the farmers who borrowed from production credit associations last year are being turned down for loans this year. These farmers are being sent to the Farmers Home Administration; but, there, they are being told they cannot get a loan because it is Farmers Home Administration policy to accommodate present borrowers first.

Borrowers from commercial lenders are also facing problems. Among the findings of the survey of American Bankers Association member banks are the following:

(1) Eighty-five percent of the banks report deterioration in the financial condition of their farm borrowers from one year ago, with 27 percent reporting the deterioration to be substantial. Two-thirds of the banks said this resulted from a combination of a decrease in asset values and an increase in indebtedness.

(2) The primary limiting factor on use of credit in 1982 will be the debt servicing ability of farmers. The biggest problem is the shortfall in cash flow resulting from negative net income that occurred in 1981 and is projected for 1982. Ninety-eight percent of the banks reported that at least some of their farmers experienced negative net incomes last year with a similar situation expected for the current year. Approximately one-fourth of the banks indicated that over 60 percent of their borrowers have been adversely affected by negative net income. One-third of the banks believe a higher proportion of their farmers will face a negative net income situation in 1982.

(3) Lack of significant improvement in farm income will result in a substantial increase in foreclosures or forced sales by late 1982 or early 1983. The potential for an extremely serious

problem exists because 85 percent of the banks reported delinquencies in their farm loan portfolios.

III.

The Committee amendment calls on the President to work with the Federal Reserve System in implementing policies that will, as soon as practicable, reduce the rate of interest farmers must pay to obtain credit for necessary production items. Further, the amendment calls on the President, in nominating persons for positions on the Federal Reserve Board that will come open in 1982, to ensure that agricultural interests are provided fair representation on the Board. S. Res. 346 contains similar recommendations.

Perhaps more than any other factor, high interest rates are responsible for the credit problems for U.S. farmers. Certainly, lower interest rates are essential to a successful economic recovery and the continued survival of our family farms. Therefore, we strongly urge the President to take steps, using his authority and influence with respect to policymaking by the Federal Reserve System, to resolve the critical interest rate problem facing farmers.

IV.

Because much of the decline in real farm income is due to low commodity prices, the Administration must act to strengthen prices by bringing supply back into balance with demand.

The Committee amendment calls on the Administration to consider the possibility of paid land diversion programs in 1983 for producers of wheat, feed grains, upland cotton, and rice, which would avert excessive production in that year. While this is certainly something that should be done if the dismal picture for agriculture does not make a rapid turn-around this year, the Committee amendment does not go far enough. It does not address the need for action to stop the damage being done to the farm economy in 1982 by excessive supplies of these commodities overhanging the market.

Nor do actions taken by the Administration with respect to the 1982 crops go far enough in addressing this problem. The Administration has put in place only a requirement that farmers reduce their acreage planted to these commodities as a condition of qualifying for participation in Government loan and target price programs. Because many struggling farmers will need every possible dollar of income they can obtain from their farm operations this year to meet their pressing financial obligations, they may elect to forego participation in the loan and target price programs in order to achieve maximum production.

In fact, sign-up by farmers for the 1982 reduced acreage programs has been relatively low. On April 13, the Department of Agriculture reported that less than 40 percent of the farms and only 60 percent of the 226,000,000 base acres involved had been enrolled. Also, because sign-up in no way obligates a farmer to comply with the acreage reduction goal, it can be expected that, as has happened in the past, some of those who have already signed up will drop out of the program and go to full production. Unless more is done to encourage financially hard-pressed farmers to limit production, we will most likely see very

large crop harvests again this year, almost certainly guaranteeing a continuation of price-depressing oversupplies of commodities.

It is generally acknowledged that a voluntary paid land diversion program will be the only effective way to limit excessive production. In this regard, we note that the American Farm Bureau Federation recently indicated that it favors implementation of paid diversion programs in 1982 for wheat and feed grains. A letter to Senator Huddleston from the Farm Bureau on this matter, dated January 29, 1982, with background material, is contained in appendix B of these additional views.

In light of the current situation, we believe that the Administration should act immediately to implement diversion programs for the 1982 crops of wheat, feed grains, upland cotton, and rice.

While the implementation of diversion programs at this point in the 1982 crop cycle presents certain difficulties, they are not insurmountable. The Department of Agriculture has successfully implemented the Soil Bank program at a later point in the production cycle.

We strongly believe that the Federal farm programs should be fiscally responsible, and are cognizant that diversion programs in 1982 will involve Federal outlays for this fiscal year. However, the diversion programs, by strengthening market prices, will substantially reduce outlays for target price payments in fiscal year 1983. Stronger market prices will also offset the outlays for the diversion programs by reducing price support loan activity for the 1982 crops, lessening the likelihood of farmers defaulting on their 1982 price support loans, and reducing the amount of 1982 grain moving into the farmer-held reserve (which entails both higher price support loan rates and storage payments).

Most importantly, the diversion programs will increase farm income in 1982 dramatically. The added income will enable many farmers to meet their financial obligations and stay in business, in addition to increasing Federal income tax revenue.

At a March 22, 1982, meeting with congressional leaders on agricultural matters, the President asked Members of Congress for their recommendations on agricultural policy. On April 5, eight members of the Senate Agriculture Committee responded to this request and forwarded to the President and Secretary of Agriculture an outline of their recommendations.

The April 5 response included the recommendation that a voluntary paid land diversion program be implemented in 1982 for producers of wheat, feed grains, upland cotton, and rice, just as we recommend now. S. Res. 346 also contains this recommendation.

The text of the letters to the President and Secretary of Agriculture are contained in appendix C of these additional views.

v.

Experience has shown that, generally, price support loan rates set a floor for market prices. The Committee amendment calls for the Administration to consider establishing price support loan rates for the 1983 crops of wheat, feed grains, and rice at levels higher than those established for 1982. If commodity prices remain at current depressed levels in 1983, higher loan rates clearly will be needed then.

The Committee amendment, however, does not address the serious problems that producers of these commodities face now. Currently, market prices for wheat, corn, and grain sorghum are hovering right around the loan level. The market price for rice has slid downward precipitously over the last year, and, if that trend continues, will fall to the announced loan level. Also, it is most likely that, without action, the prices for these commodities will not start moving upward, away from the loan level, in the foreseeable future. A table comparing prices received by farmers in 1981 and 1982 and the 1982 loan rates for these commodities is contained in appendix D of these additional views.

The primary problem with the current price support loan rates for these commodities is that they are set at levels that, for many farmers, do not cover costs of production. Unless action is taken to raise the loan rates and, thus, bolster market prices, it will be simply a matter of time before many farmers who specialize in these commodities go broke producing crops that cost more to grow than what they received from their sale.

We believe that, in addition to the action called for in the Committee amendment, the Administration should establish price support loan rates for the 1982 crops of these commodities at levels, significantly higher than those previously announced, to provide more adequate price protection for farmers in 1982. A similar recommendation was made in the April 5 response to the President and the Secretary of Agriculture and is included in S. Res. 346.

Increased loan rates to stabilize market prices at levels more closely related to costs of production, in conjunction with the diversion programs (which will bring supply back into better balance with demand, further strengthening market prices), will go far to reverse the deterioration in the agricultural economy caused by low farm income.

VI.

Another element in the strategy to strengthen farm income is increased exports. Unfortunately, it now appears that we will experience a reduction in the value of our agricultural exports this fiscal year for the first time in over a decade. A table showing the value of U.S. agricultural exports for the period 1969 through 1982 is contained in appendix E of these additional views.

The Committee amendment calls on the Administration to actively pursue an aggressive export development program directed toward opening new markets for U.S. agricultural commodities. We strongly support this provision.

Because export shipments consume such a large part of the food and fiber produced in the United States, the President and Secretary of Agriculture should use every means at their disposal to develop and expand our export markets. In this regard, we also urge the Administration to seek appropriations of at least $250 million for the revolving credit fund designed to make U.S. products more competitive in world markets that is authorized in the 1981 farm bill.

Special Trade Representative William E. Brock has stated that financing is a critical element in maintaining our export competitiveness and that the revolving credit fund, if given sufficient resources, could provide this Nation a useful tool in meeting the competition.

We agree; use of the revolving credit fund would contribute substantially to our export promotion effort for U.S. agriculture.

By increasing export sales of agricultural commodities, market prices will be strengthened and budget exposure for Government deficiency payments will be lessened. Moreover, exports financed through the use of the revolving credit fund would be in addition to regular commercial sales and would contribute significantly to the national economy.

What we propose here reiterates a proposal already made to the President by 13 members of the Committee, in a letter dated February 1, 1982. The text of the letter is contained in appendix F of these additional views.

VII.

The Committee amendment calls on the Administration to (1) provide for deferrals on repayment, and forego foreclosures whenever practicable, of Farmers Home Administration loans to qualified borrowers, as authorized by law, and (2) use its discretionary authority to implement the economic emergency loan program when existing farm operating loan program funds have been exhausted.

Although Congress has provided the Administration with these tools to deal with the farm credit crisis and a number of members of Congress have requested that the Administration use them to assist farmers, we have not found the Administration receptive to taking the needed emergency action. We strongly urge the Administration to adopt the policies called for in the Committee amendment. Also, we believe that the economic emergency loan program should be implemented immediately, as recommended in S. Res. 346, rather than waiting until regular Farmers Home Administration operating loan funds have been completely exhausted.

a.

The Agriculture and Food Act of 1981 extended, until September 30, 1982, the authority for the Secretary of Agriculture to make economic emergency loans under the Emergency Agricultural Credit Adjustment Act of 1978.

Under the economic emergency loan program, the Secretary makes insured loans to qualified farmers who cannot get credit elsewhere due to economic stresses, such as a general tightening of agricultural credit or an unfavorable relationship between production costs and prices received for agricultural commodities. The loans bear an interest rate that reflects the cost of money to the Government.

With the extension made by the 1981 Act, the Secretary could make up to $600,000,000 in economic emergency loans in fiscal year 1982. The funds for those loans would come from repayments of outstanding economic emergency loans; and, therefore, the program would not involve new budget expenditures.

On February 24, 1982, 14 members of the Senate wrote to the Secretary of Agriculture urging him to implement the economic emergency loan program. On March 15, 1982, the Secretary stated, in a letter to Senator Huddleston, that he had established guidelines to determine if an economic emergency exists and that he was preparing regulations to implement the guidelines. The text of the letter to the Secretary and

his response to Senator Huddleston are contained in appendix G of these additional views.

Not a single economic emergency loan has been made this year.

Further, as recently as March 30, the Administration made a commitment that it would make sure every eligible borrower who has a chance of making it receives the financing he needs in 1982. The Administration's rhetoric does not match reality. Many past and potential Farmers Home Administration borrowers will not receive operating loans this year unless the economic emergency loan program is reopened.

For example, a significant portion of the thousands of borrowers who presently have outstanding loans under the economic emergency loan program cannot obtain regular Farmers Home Administration operating loans because of problems involving loan limits. The regular operating loan program limit is $100,000. The economic emergency loan program limit is $400,000 for a single loan with an overall indebtedness limit to the Farmers Home Administration of $650,000. Therefore, many farmers who meet the credit elsewhere test cannot obtain regular Farmers Home Administration operating loans because their economic emergency operating loan indebtedness exceeds the $100,000 limit.

Also, Farmers Home Administration officials now acknowledge that several States have notified the national office that they are out of regular operating loan funds or expect to run out soon. One State has requested an additional $20,000,000 in operating loan funds. The national office has only $10,000,000 in operating loan fund reserves. Farmers Home Administration officials say that some States will have to return a portion of their operating loan funds in order to ease the severe shortage that other States are experiencing.

Farmers Home Administration officials acknowledge that it is Administration policy that loans be made primarily to present borrowers. The financial situation of thousands of farmers who do not presently have Farmers Home Administration loans has deteriorated to a condition where they can no longer borrow from the farm credit system or commercial lenders. These borrowers, who cannot get credit elsewhere, are being turned away from the Farmers Home Administration in many States because they haven't been Farmers Home Administration borrowers in the past. Ironically, the farmers being turned away are individuals who most likely could return to commercial credit sources at some future date if they could acquire credit for this year's crop.

The Administration has offered its subordination policy as an alternative to help borrowers who would benefit from the economic emergency loan program if it were reopened. But, subordination is not a new policy. The Farmers Home Administration has routinely accepted a subordinated position on loans in the past.

The additional emphasis the Administration has given subordination is commendable, but is not a significant factor in helping most farmers obtain credit. According to recent Farmers Home Administration reports, in most farm States, the Farmers Home Administration has accepted a subordinated position for fewer than 200 farm borrowers. In addition, many commercial and farm credit system lenders believe that the subordination policy is a failure. The reason

for this is that the commercial or farm credit system lender must still absorb the collection costs in cases in which the loan is foreclosed. Collection costs can be up to 30 percent of the loan value.

b.

The Senate, on December 11, 1981, passed S. Res. 257, calling on the Administration to extend and defer Farmers Home Administration loan repayments and avoid unnecessary foreclosures. To date, the Administration has not used its authority to so assist borrowers to the extent practicable; and the result has been more farm loan foreclosures already this fiscal year than in any other year in the history of the Farmers Home Administration.

On February 11, 1982, 13 members of the Senate Agriculture Committee wrote to Secretary Block requesting that he use his authority to permit farm loans to be rescheduled or reamortized at the original rate of interest agreed to at the time the loan was obligated rather than at the current interest rate, as the present policy requires. To date, the Secretary has not responded to this letter. The text of the letter is contained in appendix H of these additional views.

We believe that it is imperative that the Administration adopt the deferral, foreclosure, reamortization, and rescheduling policies outlined in the Committee amendment and S. Res. 346. At the beginning of this year, more than 50 percent of all Farmers Home Administration farm loans were delinquent. (A table showing Farmers Home Administration farm loan delinquencies for the period 1976 through 1982 is contained in appendix I of these additional views.) Also, it is now clear that neither the farm economy nor the general economy will experience an upswing very soon. Without revisions of loan repayment policy, many of Farmers Home Administration's delinquent borrowers will be faced with the prospect of liquidation or foreclosure.

c.

The April 5 response to the President and the Secretary of Agriculture contained, basically, the same recommendations as the Committee amendment on farm credit issues.

Despite the long record of recommendations, requests, and suggestions made to the Administration on farm credit issues, so far, the message has not been received. We hope that the passage of H.R. 2160 will lead the Administration to take action.

VIII.

At his March 22 meeting with congressional leaders, President Reagan made a commitment to stand behind farmers during their time of special need. We commend the President for recognizing the importance of agriculture to the national economy and the seriousness of the problems farmers face.

We strongly urge the President to honor his commitment and provide the leadership necessary to revitalize the depressed farm economy

Timing is essential if any action is to be of assistance to farmers. Immediate relief is needed to forestall foreclosures and forced liquida-

tions. For that reason, the President should consider the farm situation as an emergency and act quickly and decisively.

The recommendations that are provided in the Committee amendment and these additional views provide the Administration with a fiscally sound means of providing the assistance farmers need. We strongly urge the President to see that they are implemented immediately.

WALTER D. HUDDLESTON.
PATRICK J. LEAHY.
EDWARD ZORINSKY.
JOHN MELCHER.
DAVID H. PRYOR.
DAVID L. BOREN.
ALAN J. DIXON.
HOWELL HEFLIN.

APPENDIX A

PURCHASING POWER OF THE INCOME OF FARM OPERATOR FAMILIES (INCLUDING FARM HOUSEHOLDS) AND OF THE FARM POPULATION, 5- R AVERAGES 1910-39, ANNUAL 1940-80 [1]

Year	CPI all items, 1967=100 (percent)	Purchasing power in 1967 dollars: Income of farm operator families: Net income from farming: Total (millions)	Net income from farming: Per farm	Off-farm income [2]: Total (millions)	Off-farm income [2]: Per farm	Total family income: Total (millions)	Total family income: Per farm	Personal income of farm population from all sources [3]: Total (millions)	Personal income of farm population from all sources [3]: Per capita
1910-14	29.0	$13,759	$2,141	NA	NA	NA	NA	NA	NA
1915-19	39.7	17,400	2,685	NA	NA	NA	NA	NA	NA
1920-24	53.2	9,466	1,456	NA	NA	NA	NA	NA	NA
1925-29	52.0	11,728	1,812	NA	NA	NA	NA	NA	NA
1930-34	43.1	6,939	1,041	NA	NA	NA	NA	NA	NA
1935-39	41.9	11,629	1,752	NA	NA	NA	NA	$14,962	$585
1940	42.0	10,671	1,681	NA	NA	NA	NA	18,088	593
1941	44.1	14,717	2,338	NA	NA	NA	NA	22,857	760
1942	48.8	20,191	3,254	NA	NA	NA	NA	28,873	998
1943	51.8	22,656	3,720	NA	NA	NA	NA	31,817	1,214
1944	52.7	22,169	3,700	NA	NA	NA	NA	31,508	1,271
1945	53.9	22,842	3,827	NA	NA	NA	NA	31,933	1,308
1946	58.5	25,757	4,347	NA	NA	NA	NA	34,232	1,347
1947	66.9	22,951	3,909	NA	NA	NA	NA	31,589	1,223
1948	72.1	24,499	4,222	NA	NA	NA	NA	32,999	1,354
1949	71.4	17,899	3,127	NA	NA	NA	NA	27,277	1,127
1950	72.1	18,929	3,352	NA	NA	NA	NA	28,218	1,225
1951	77.8	20,481	3,774	NA	NA	NA	NA	29,125	1,330
1952	79.5	18,819	3,620	NA	NA	NA	NA	27,679	1,273
1953	80.1	16,205	3,251	NA	NA	NA	NA	24,598	1,237
1954	80.5	15,370	3,204	NA	NA	NA	NA	22,781	1,198
1955	80.2	14,096	3,029	NA	NA	NA	NA	21,761	1,141
1956	81.4	13,826	3,063	NA	NA	NA	NA	21,682	1,158
1957	84.3	13,149	3,008	NA	NA	NA	NA	20,711	1,173
1958	86.6	15,206	3,592	NA	NA	NA	NA	22,181	1,296
1959	87.3	12,271	2,995	NA	NA	NA	NA	20,084	1,211
1960	88.7	12,985	3,277	$9,563	$2,413	$22,548	$5,690	20,701	1,324
1961	89.6	13,345	3,489	10,227	2,674	23,571	6,163	21,258	1,436
1962	90.6	13,316	3,606	10,932	2,961	24,247	6,567	21,785	1,522
1963	91.7	12,835	3,593	12,017	3,364	24,853	6,957	21,778	1,629
1964	92.9	11,294	3,267	12,526	3,623	23,820	6,890	21,265	1,558
1965	94.5	13,650	4,067	13,468	4,013	27,118	8,080	23,910	1,934
1966	97.2	14,362	4,409	14,282	4,385	28,644	8,794	24,499	2,113
1967	100.0	12,339	3,903	14,495	4,584	26,834	8,486	22,854	2,102
1968	104.2	11,825	3,851	14,843	4,833	26,668	8,684	23,128	2,212
1969	109.8	13,017	4,339	15,129	5,043	28,147	9,382	24,459	2,373
1970	116.3	12,168	4,126	14,959	5,072	27,126	9,199	23,627	2,433
1971	121.3	12,063	4,157	15,522	5,349	27,585	9,505	23,768	2,522
1972	125.3	14,956	5,208	16,453	5,753	31,350	10,962	27,619	2,874
1973	133.1	25,096	8,875	17,850	6,323	42,906	15,199	36,754	3,881
1974	147.7	17,691	6,330	17,953	6,288	35,644	12,617	30,569	3,300
1975	161.2	15,183	5,487	17,030	6,155	32,213	11,642	27,635	3,118
1976	170.5	10,957	4,002	17,758	6,486	28,716	10,488	23,626	2,863
1977 [4]	181.5	10,133	4,126	13,955	5,682	24,088	9,808	20,901	3,374
1978	195.4	13,540	5,558	14,378	5,902	27,919	11,461	24,464	3,763
1979	217.4	15,040	6,189	15,276	6,286	30,316	12,476	25,245	4,045
1980	246.8	8,047	3,314	14,579	6,005	22,626	9,319	18,902	3,124
1981 [5]	272.4	8,443	3,466	9,344	5,877	17,787	9,343	19,108	3,211

[1] Obtained by dividing appropriate totals and averages appearing in related tables—all inclusive of Government payments—by the price indices given in the 1st column.
[2] Information not available prior to 1960.
[3] Information not available prior to 1934.
[4] Based on the 1974 Census of Agriculture definition of a farm, which is sales of $1,000 or more, and applies to 1977 and all following years.
[5] Preliminary.
NA—Not available.

Source: U.S. Department of Agriculture.

APPENDIX B

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., January 29, 1982.

Hon. WALTER D. HUDDLESTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUDDLESTON: President Robert Delano met with Secretary of Agriculture John Block January 27, and presented Farm Bureau recommendations for an effective acreage reduction program for major crops covered by the 1981 farm bill. The recommendation included a paid land diversion program for corn and wheat.

Attached is a copy of the background material presented to the Secretary.

If you have any questions or desire further information, call me at 484–2222.

Sincerely,

JOHN DATT,
Secretary.

ACREAGE REDUCTIONS FOR 1982 CROPS—THE FARM BUREAU PROPOSAL

PROBLEM

In the absence of an effective acreage reduction program for the major crops covered in the 1981 farm bill, pressure will mount during the coming months for the Administration to "do something." Such pressure is likely to lead to short-term policies, like higher loans and more abuse of the farmer reserve, which give short-term price relief, but will further deviate from the free market policy objective.

We are at a critical farm program decision point. Acceptance of both the 1977 and 1981 farm bills implied acceptance of a set of program options—set-aside, diversion, reserves, CCC stocks, target prices and loan rates—which must be used in combination to provide for balanced management of the program and to avoid letting one group get the upper hand over the others. At this point, consumers and taxpayers have the advantage over farmers because the farmer-held reserve has been administered, not as a tool for orderly marketing, but to prevent deficiency payments. In the process, stocks have been built to staggering levels which will dominate the markets for the next one to two years. We must still go through another period of relatively low price due to stock levels and farmer reserve administration which has release price levels too high in relation to domestic and export market prospects.

Administration of the farm program is seriously out of balance in relation to the competing objectives of farmers, consumers and taxpayers. The farmer-held reserve now contains substantially more wheat and feedgrains than it should contain in order to avoid further damage to the market system and provides more benefits to consumers and taxpayers than to farmers (see Exhibit "C").

OPTIONS FOR 1982

The farm ecoonmy is in a tedious state due primarily to the long-term neglect of the inflation problem. But it is also in a tedious state due to past embargoes and the uncertainty associated with the talk of embargoes and the operation of the farm program, particularly the abuse of the farmer reserve.

As has been the history in government farm program management, none of the options are "good" ones. We must now select the one which damages the market the least.

The farmer-held reserve is already bloated. Further use will insure a brief upturn in prices due to reduced "free" stocks, but the re-release of reserve stocks at the onset of the 1982 harvest will force price back to the loan level.

The other option, the least offensive of the two and the one Farm Bureau favors, is an acreage reduction now which will be effective in reducing production enough for prices to begin an upturn during the next several months. This option has the risk of taking out "too much" acreage with potential damage to export markets if there are short crops due to poor yields. Farm Bureau is willing to take this chance due to the gravity of the situation.

ANALYSIS

Given the facts we now confront: large supplies, weak demand at home and abroad, prospects for large crops again this year, embargoes and the uncertainty of embargo talk, and an oversubscribed farmer reserve in relation to wheat and feedgrains market realities, the question which the Administration must face is:

Should the Administration spend money now for effective acreage reductions and avoid the political pressure this fall by pointing to strengthened prices or should the money be spent hurriedly at harvest by further expansion of the already bloated farmer-held reserve in an effort to mop up more grain in order to bolster prices?

Our analysis indicates that it is virtually a "toss up" between the government cost of effective set-asides for wheat and feedgrains versus the cost of expanding the farmer-held reserve (see Exhibit "A").

We believe that the only choice for the Administration is to spend the money now for effective acreage reductions for major crops. Prices will slowly strengthen during the coming months (see Exhibit "B"). The alternative is to wait until the new crops materialize, prices are further depressed and pressures mount due to the election-year challenge to take actions which are far worse than effective acreage reductions in terms of government costs and, more importantly, the cost of permanent damage to the free market for agriculture (see Exhibit "C"). There is already talk of raising the loan rate for wheat by $.50 per bushel and we are not even into the "election season."

POLICY RECOMMENDATIONS

Farm Bureau recommends effective acreage reductions for major commodities covered by the 1981 farm bill.

Farmers bore the brunt of the 1980 grain embargo. To some extent the stocks from that foreign policy action are still with us. More importantly, the uncertainty and market damage of embargo talk are very much with farmers now.

Farm Bureau believes that it is about time that consumers begin to pay for some of the foreign policy uncertainty with which farmers must contend. It has been too convenient to highlight abundant farm supplies and the contribution to modernization in the Consumer Price Index.

Farm Bureau was very critical of the previous administration and its regular abuse of the farmer held grain reserve. The previous administration used the farmer-held reserve to offset the 1980 embargo, opened the reserve at times when the market should have been left to function and increased release price levels out of relationship to the policy objective of orderly marketing which Farm Bureau supported in the Act of 1977. We continue this concern with this administration.

In summary, administration of the farm program is severely out of balance in relation to the use of the various policy options. There must be effective acreage reductions in 1982 for major crops.

Farm Bureau will not support any further use of the farmer-held reserve until we have an assurance from the Administration that the rules for this program are changed to insure orderly marketing, not more and more stocks to be released at price levels which will continue to kill off domestic feed use and export demand.

If an effective set-aside is implemented now, Farm Bureau will strongly support the Administration when pressure mounts to raise loan rates and target prices during this election year. We believe that action now with regard to effective set-asides will substantially reduce these pressures and avoid further damage to the market system.

Farm Bureau supports a voluntary 10-percent set-aside for the 1982 corn crop with a 10-cent-per-bushel payment on the corn acreage planted. (Our analysis clearly illustrates that a straight 15-percent set-aside will not reduce corn acreage. The 10-percent set-aside to 10-cents-per-bushel diversion will accomplish this objective.)

Farm Bureau supports a voluntary 15-percent set-aside for the 1982 wheat crop with a 30-cent-per-bushel payment on the wheat acreage planted.

Farm Bureau supports a voluntary 15-percent set-aside for cotton and rice. We believe that potential deficiency payments and other benefits should cause sufficient participation in these programs.

ADMINISTRATION PROPOSAL—PRICE PATTERN DURING 1982

Corn prices will increase from now until May or June as the free stocks situation tightens up due to the large entries of grain into the reserve. Strong feeding and export demand could force the price to the release level. Once the release price on the reserve is hit, failure of the set-aside to reduce acreage will cause corn prices to nosedive for the loan rate as the summer progresses. With the election approaching, the only tool left to prop up prices will be the farmer-held reserve. The already bloated reserve will be opened again to help raise prices. This will be viewed as the political move that it is. The reserve will then hang over the market and destroy grain price for all of 1983 and into 1984.

Wheat prices will be lucky to hold at present levels. As the new crop develops and the market realizes there has been no meaningful

cut in acreage, prices will quickly drop to the loan rate. As with corn, the reserve will be used to support prices as wheat-area Congressmen have a field day introducing ridiculous proposals.

FARM BUREAU PROPOSAL—PRICE PATTERN DURING 1982

The reduction in corn production by 500 million bushels should be sufficient to support prices well into harvest as users attempt to line up adaquate supplies. This should generate high enough prices to limit the pressure to open the reserve. The higher prices during the summer and fall of 1982 will hurt usage and prices will decline as we move into winter. Prices will suffer during 1983 as the large reserve supplies are liquidated, but prices should recover by the spring of 1984. The important point is that prices should be high enough from now to election so that calls for higher loans and more entries into the reserve can be deflected.

Wheat prices will definitely respond to the effective acreage reduction. Unless wheat yields are at the high end of our estimates, wheat prices should run in the area of $4.00 per bushel at the farm. This should quiet some of the critics. At worst, the reserve may have to be opened to another 100 million bushels of wheat. As with corn, wheat prices will deteriorate during 1983, but stand a fair chance of recovery late in 1983.

CCC STOCKS

With normal yields or higher than normal yields and no effective acreage adjustment, the probability of defaults of corn and wheat loans is extremely high. Corn put under loan in October 1981 for $2.40 will accumulate about 30 cents of interest charges in one year. With a price projection of less than $2.70, many producers may default rather than put the grain in the reserve and hope for higher prices. Wheat producers will face a similar situation.

With an effective acreage reduction program and lower than average yields, grain prices may be high enough to allow sales of CCC-owned grain. This would allow the CCC to recover some of its investment in the grain and further one of Farm Bureau's objectives of eliminating CCC ownership of grain.

EXHIBIT A

BASE ADMINISTRATION PROGRAM FOR CORN (INEFFECTIVE SET-ASIDE)

[Dollar amounts in millions]

	1981/82	Low yield	1982/83 normal yield	High yield
Yield per acre (bushels)	(109.9)	(99)	(104)	(109)
Storage payments	$150	$192	$252	$325
Deficiency payments			[1]220	[1] 239
Acreage reduction payments				
CCC purchases	149			
Total, Government	299	192	480	564
Gross farm revenue:				
From sales and reserve loans	20,803	20,973	19,663	19,512
Government payments (except storage)			228	239
Total	20,803	20,973	19,891	19,751

[1] 20 percent participation in set-aside with 15-cent-per-bushel deficiency payment on normal yield and 15-cent-per-bushel payment on high yield.

FARM BUREAU CORN PROPOSAL (10 PERCENT SET-ASIDE AND 10 CENTS PAYMENT)

[Dollar amounts in millions]

	1981/82	Low yield	1982/83 normal yield	High yield
Yield per acre (bushels)	(109.9)	(99)	(104)	(109)
Storage payments	$150	$166	$219	$265
Deficiency payments				[1] 587
Acreage reduction payments		[2] 450	[2] 450	[2] 450
CCC purchases	149	[3] −187	[3] −187	0
Total, Government	299	429	482	1,302
Gross farm revenue:				
From sales and reserve loans	21,623	23,021	21,174	19,644
Government payments (except storage)		450	450	1,037
Total	21,623	23,471	21,684	20,681

[1] Deficiency payment 13 cents per bushel on 60 percent of production.
[2] 60-percent participation to remove approximately 5,000,000 acres with a 10-cent-per-bushel payment on ASCS yield of acres planted to be paid after signup.
[3] Sale of 50,000,000 bushels of CCC stocks.

ADMINISTRATION WHEAT PROGRAM

[Dollar amounts in millions]

	1981/82	Low yield	1982/83 normal yield	High yield
Yield per acre (bushels)	(34.1)	(32.4)	(34.4)	(36.4)
Storage payments	$113	$130	$144	$151
Deficiency payment	486	[1] 44	[1] 70	[1] 125
Acreage reduction payment				
CCC purchases				
Total, Government	599	174	214	276
Gross farm revenue:				
From sales and reserve loans	10,280	10,251	10,265	10,389
Government payments (except storage)	486	44	70	125
Total	10,766	10,295	10,335	10,514

[1] 10-percent participation in set-aside with deficiency payments of 18 cents per bushel under low yield, 27 cents per bushel under normal yield and 45 cents per bushel under high yield.

FARM BUREAU WHEAT PROPOSAL (15 PERCENT SET-ASIDE AND 30 CENTS PAYMENT)

[Dollar amounts in millions]

	1981/82	Low yield	1982/83 normal yield	High yield
Yield per acre (bushels)	(34.1)	(32.4)	(34.4)	(36.4)
Storage payments	$113	$111	$130	$138
Deficiency payments	486		[1] 43	[1] 287
Acreage reduction payments		[2] 347	[2] 347	[2] 347
CCC purchases				
Total, Government	599	458	520	772
Gross farm revenue:				
From sales and reserve loans	10,280	9,752	10,107	10,059
Government payments (except storage)	486	347	390	634
Total	10,766	10,099	10,407	10,693

[1] Deficiency payment on 45 percent of production with 4 cents per bushel on normal yield and 25 cents per bushel on high yield.
[2] 45 percent participation to remove approximately 6,000,000 acres with a 30-cent-per-bushel payment on ASCS yield of acres planted to be paid after signup.

Exhibit B

PROJECTED CORN PRICES FOR 1981/82 AND 1982/83

Administration's Set-aside Proposal: Normal yield (104 bu./acre in 1982), 1981 crop $2.52, 1982 crop $2.59; High yield (109 bu./acre in 1982), 1981 crop $2.50, 1982 crop $2.43; Low yield (99 bu./acre in 1982), 1981 crop $2.64, 1982 crop $2.90.

Farm Bureau 10-percent Set-aside and 10-cent Payment: Normal yield (104 bu./acre in 1982), 1981 crop $2.65, 1982 crop $2.95; High yield (109 bu./acre in 1982), 1981 crop $2.53, 1982 crop $2.61; Low yield (99 bu./acre in 1982), 1981 crop $2.77, 1982 crop $3.29.

PROJECTED WHEAT PRICES FOR 1981/82 AND 1982/83 MARKETING YEARS

Administration's Set-aside Proposal: Normal yield (34.4 bu./acre on 1982 crop) 1981 crop $3.70, 1982 crop $3.93; High yield (36.4 bu./acre on 1982 crop), 1981 crop $3.69, 1982 crop $3.75; Low yield (32.2 bu./acre on 1982 crop), 1981 crop $3.71, 1982 crop $4.02.

Farm Bureau 15-percent Set-aside and 30-cent Payment: Normal yield (34.4 bu./acre on 1982 crop), 1981 crop $3.72, 1982 crop $4.16; High yield (36.4 bu./acre on 1982 crop), 1981 crop $3.71, 1982 crop $3.95; Low yield (32.4 bu./acre on 1982 crop), 1981 crop $3.93, 1982 crop $4.30.

PROJECTED SOYBEAN PRICE FOR 1981/82 AND 1982/83 MARKETING YEARS

Administration's Set-aside Proposal: Normal yield (30.8 bu./acre on 1982 crop), 1981 crop $6.64, 1982 crop $6.43; High yield (32.8 bu./acre on 1982 crop), 1981 crop $6.49, 1982 crop $5.51; Low yield (28.8 bu./acre on 1982 crop), 1981 crop $6.80, 1982 crop $7.49.

Farm Bureau Corn and Wheat Set-asides Proposal: Normal yield (30.8 bu./acre on 1982 crop), 1981 crop $6.75, 1982 crop $6.97; High yield (32.8 bu./acre on 1982 crop), 1981 crop $6.60; 1982 crop $5.89; Low yield (28.8 bu./acre on 1982 crop), 1981 crop $6.90, 1982 crop $8.04.

Exhibit C

Corn and wheat reserve stock at end of 1981/82 and 1982/83 marketing years

	Ending reserve stocks (million bushels)
Corn:	
1981/82	1,000
1982/83:	
Administration:	
Normal yield	1,000
High yield	1,500
Low yield	500
Farm bureau:	
Normal yield	700
High yield	1,000
Low yield	300
Wheat:	
1981/82	490
1982/83:	
Administration:	
Normal yield	600
High yield	650
Low yield	490
Farm Bureau:	
Normal yield	490
High yield	550
Low yield	350

EXHIBIT C

CORN AND WHEAT STOCKS AT END OF 1981/82 AND 1982/83 CROP MARKETING YEARS

[In millions of bushels]

		1982/83					
		Administration			Farm Bureau		
	1981/82	Normal	High	Low	Normal	High	Low
Corn:							
Reserve	1,000	1,000	1,500	500	700	1,000	300
CCC	300	300	300	300	250	300	250
Free	536	394	259	529	478	423	533
Total	1,836	1,694	2,059	1,329	1,428	1,773	1,083
Wheat:							
Reserve	490	600	650	490	490	550	350
CCC	185	185	185	185	185	185	185
Free	433	389	491	347	393	473	393
Total	1,108	1,174	1,326	1,022	1,033	1,208	928

Appendix C

U.S. Senate,
Committee on Agriculture, Nutrition, and Forestry,
Washington, D.C., April 5, 1982.

The President,
The White House,
Washington, D.C.

Dear Mr. President: Thank you for taking time out of your busy schedule to meet with me on March 22, 1982, to discuss the Administration's policy on agricultural exports and other topics related to the overall condition of American agriculture.

After the meeting, I conveyed to the other Democratic members of the Committee on Agriculture, Nutrition, and Forestry your request for recommendations on agricultural policy. You indicated that the recommendations should be submitted to Secretary Block. Enclosed is a copy of our letter to the Secretary detailing our recommendations.

Sincerely,

Walter D. Huddleston.

Enclosure.

U.S. Senate,
Committee on Agriculture, Nutrition, and Forestry,
Washington, D.C., April 5, 1982.

Hon. John R. Block,
Secretary of Agriculture,
Washington, D.C.

Dear Secretary Block: We are pleased to provide you our recommendations on agricultural policy which the President requested at the March 22 White House meeting with Congressional leaders on agricultural matters. Senator Huddleston was, as you know, a participant at the meeting with the President and conveyed the President's request to the other Democratic members of the Committee on Agriculture, Nutrition, and Forestry.

First, we note that the Administration has yet to establish a policy on sales of agricultural commodities to the Soviet Union. What is the policy of this Administration? More specifically, when will new negotiations begin on extension of the long-term sales agreement. We are of the opinion that the United States cannot reestablish its position as a reliable supplier while our policy toward the Soviet Union remains undefined.

Second, we note that the President's budget request contains no funding for the export credit revolving fund authorized by the Agriculture and Food Act of 1981. Funding for this program would stimulate exports and thereby increase farm income, and would, in all likelihood, reduce the need for other government assistance for hard-pressed farmers. We urge the Administration to support emergency

legislation to implement the revolving fund at a level of not less than $250 million annually.

Third, our overseas humanitarian food assistance programs would be a logical means of using the current large stocks of U.S. agricultural commodities. The budget submission for fiscal year 1983 projects only 1.5 million metric tons (grain equivalent basis) of shipments under title II of Public Law 480. Congress has specified a minimum of 1.7 million tons of shipments under title II and this minimum should be met. We also urge you to explore new programs to increase food shipments in addition to those under Public Law 480.

We note that the World Food Council is considering a country-owned reserve plan directed toward enabling low-income countries to purchase U.S. grains through the International Monetary Fund. This plan provides for the immediate purchase of U.S. grains to be stored by the developing country until use. Such a plan may offer new opportunities for using our agricultural abundance.

Fourth, we recommend that the President and you use the broad discretionary authorities available to immediately stabilize farm prices and provide credit assistance to farmers. Specifically, we recommend the following actions:

(1) the implementation of a voluntary paid land diversion program in 1982 for producers of wheat, feed grains, upland cotton, and rice;

(2) the establishment of price support loan rates for the 1982 crops of wheat, feed grains, and rice at levels, significantly higher than those previously announced, that will provide more adequate price protection to farmers;

(3) with respect to farmers who, through no fault of their own, are temporarily unable to meet their debt obligations on Farmers Home Administration farm loans—(a) permitting them to defer making repayments on the loans; and (b) permitting borrowers to reamortize or reschedule their loans at not more than the original interest rate; and

(4) the immediate nationwide implementation of the FmHA economic emergency insured loan program.

In our judgment, these actions are necessary to revitalize the farm economy. Given the President's resolve to stand behind this Nation's farmers in their time of special need, we would hope that you will find support for these actions at the White House.

Sincerely,

WALTER D. HUDDLESTON.
PATRICK J. LEAHY.
EDWARD ZORINSKY.
JOHN MELCHER.
ALAN J. DIXON.
HOWELL HEFLIN.
DAVID PRYOR.
DAVID L. BOREN.

APPENDIX D

A COMPARISON OF 1981 AND 1982 PRICES RECEIVED BY FARMERS, AND THE 1982 PRICE SUPPORT LOAN RATES, FOR SELECTED FARM COMMODITIES

Commodity	Farm prices, January 1981	Percent change from January 1981 to February 1982	Farm prices, February 1982	1982 price support loan rates
Wheat (per bushel)	$4.21	−12.1	$3.70	$3.55
Corn (per bushel)	3.19	−23.5	2.44	2.55
Grain sorghum (per bushel)	3.07	−25.7	2.28	2.42
Rice (per hundredweight)	13.20	−28.3	9.46	8.14

Appendix E

Value of U.S. agricultural exports

Year beginning October 1:	Value (billions)
1968–69	$5.75
1969–70	6.96
1970–71	7.96
1971–72	8.24
1972–73	14.98
1973–74	21.61
1974–75	21.85
1975–76	22.76
1976–77	23.97
1977–78	27.29
1978–79	31.98
1979–80	40.48
1980–81	43.79
1981–82 (estimated)	42.50

Appendix F

U.S. Senate,
Committee on Agriculture, Nutrition, and Forestry,
Washington, D.C., February 1, 1982.

The President,
The White House,
Washington, D.C.

Dear Mr. President: The depressed level of prices for basic agricultural products in recent months has reemphasized the importance of controlling domestic overproduction and developing new markets for farm products. Last week, Secretary of Agriculture John Block announced programs designed to encourage U.S. farmers to reduce production of wheat, feed grains, rice, and upland cotton in 1982. At the same time, we should move to expand our export opportunities in order to maximize the potential for economic recovery in rural America.

A revolving credit fund to make U.S. agricultural products more competitive in world markets has received broad bipartisan support in Congress and is authorized in the new farm bill. The implementation of the fund would enable the Secretary of Agriculture to establish direct short-term and intermediate-term credit programs, and to encourage developing countries to apply proceeds from sales of U.S. farm products toward improvements in their food marketing and processing facilities.

The revolving credit fund would make a greatly-needed contribution to our export promotion effort for U.S. agriculture. By increasing sales of farm commodities, producer prices would be strengthened and budget exposure to government deficiency payments would be reduced. Furthermore, exports under the credit programs would be additional to regular commercial sales, and would contribute significantly to our national economic growth in 1982 and future years.

We therefore urge the Administration to support emergency legislation to implement the revolving credit fund at a level of $250 million in fiscal year 1982 and a similar amount for the next year. In terms of outlays, the annual cost of the fund would be considerably less than anticipated annual revenues from duties and fees on sugar imports as the result of the enactment of the 1981 farm bill.

U.S. farm exports are running well below the level expected a year ago due to restrictive import barriers maintained by several major customers, continuing export subsidy practices by our principal competitors, and the current hiatus in agricultural trade with the Warsaw Pact countries. Exports will decline still further if these conditions do not improve.

The implementation of the revolving credit fund authorized by the 1981 farm bill would, in our view, go far in increasing U.S. agricultural exports and giving our farmers relief from seriously depressed prices.

Sincerely,

JESSE HELMS.
WALTER D. HUDDLESTON.
HOWELL HEFLIN.
MARK ANDREWS.
ROGER W. JEPSEN.
RUDY BOSCHWITZ.
DAVID PRYOR.
ROBERT DOLE.
EDWARD ZORINSKY.
DAVID L. BOREN.
RICHARD G. LUGAR.
PAULA HAWKINS.
ALAN J. DIXON.

Appendix G

U.S. Senate,
Committee on Agriculture, Nutrition, and Forestry,
Washington, D.C., February 24, 1982.

Hon. John R. Block,
Secretary of Agriculture,
Washington, D.C.

Dear Mr. Secretary: We urge you to implement the Economic Emergency Loan Program for the 1982 crop year as soon as possible.

The Agriculture and Food Act of 1981 extended the Economic Emergency Loan Program through September 1982 and limited the total new loans that could be made to $600 million. The program is, of course, one of several programs in the 1981 Act designed to assist farmers and assure consumers an abundance of food and fiber.

Specifically, the Economic Emergency Loan Program is designed to assist farmers in maintaining their farming operations. Under the program, you are authorized to make and guarantee loans to farmers who are unable to obtain sufficient credit elsewhere due to economic stresses, such as a general tightening of agricultural credit or an unfavorable relationship between production costs and prices received for agricultural commodities.

Current high interest rates combined with depressed commodity prices have placed the Nation's farmers in serious financial difficulties with many of them unable to obtain sufficient credit to finance the production of their 1982 crops.

We believe it imperative that you use all of the programs at your command in alleviating the problems facing our farmers, including the Economic Emergency Loan Program.

Sincerely,

Walter D. Huddleston.
Thad Cochran.
David Pryor.
Howell Heflin.
Edward Zorinsky.
David L. Boren.
Roger W. Jepsen.
Rudy Boschwitz.
John Melcher.
Thomas F. Eagleton.
Mark Andrews.
John C. Stennis.
Jesse Helms.
Alan J. Dixon.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., March 15, 1982.

Hon. WALTER D. HUDDLESTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUDDLESTON: On February 18, 1982, in my appearance before the House Agriculture Committee, I stated my intention to develop and announce guidelines for the Economic Emergency Program.

At this time, there appears to be ample funds available to meet agricultural credit needs. The Department is cooperating with the American Bankers Association, the Independent Bankers Association of America, and the Farm Credit System to monitor the situation and provide funds for eligible individual farmers.

The following guidelines will govern the use of the Economic Emergency program:

"The Secretary may make available Farmers Home Administration economic emergency loans when, in his judgment, an agricultural economic emergency exists in a State as reflected by various economic factors, including: current loan to deposit ratios of rural banks in that State, declines in the State's net farm income, variations in the crop yields of the major crops within that State, and a significant upward change in the number of classified loans held by conventional or farm credit system's agricultural lenders in the State.

"In eligible States, before an applicant can be considered eligible for an economic emergency loan under FmHA regulations that applicant must first be determined ineligible for an FmHA operating loan (OL) or an FmHA emergency loan (EM)."

We are preparing the regulations needed to implement these guidelines. They will be issued shortly.

Sincerely,

JOHN R. BLOCK, *Secretary.*

Appendix H

U.S. Senate,
Committee on Agriculture, Nutrition, and Forestry,
Washington, D.C., February 11, 1982.

Hon. John R. Block,
Secretary, U.S. Department of Agriculture,
Washington, D.C.

Dear Mr. Secretary: As you know, many farmers with Farmers Home Administration loans may be unable to meet their loan obligations on time this year because of the unusually adverse economic conditions.

Further, the Federal Government risks not being able to collect the full amount owed under these farm loans. If the loans are foreclosed, or borrowers are forced to liquidate their assets, the loan security or assets may not be sufficient to cover the debt.

Congress has provided the Department of Agriculture ample authority to protect the Government's investment and assist Farmers Home Administration farm borrowers who, through no fault of their own, are unable to meet their loan repayment schedules. However, the two most important means of assisting these farmers, reamortization and rescheduling of payments, have been rendered ineffective because of an administrative requirement.

Farmers Home Administration regulations require that the interest rates for farm loans that are reamortized or rescheduled be established at the interest rates being charged for new loans, rather than at the rate of interest specified in the original loan agreement. Reamortizing or rescheduling payments at today's high interest rates will not ease the situation because it puts farmers deeper into debt.

We request that you direct the Farmers Home Administration to revise its regulations so that farm loans may be rescheduled or reamortized at the original rate of interest agreed to at the time the loan was obligated. This change in the regulations will be consistent with the Government's original commitment to the borrower, protect the Government's investment, and prevent unnecessary foreclosures and liquidations of assets.

Sincerely,

Walter D. Huddleston.
Jesse Helms.
Edward Zorinsky.
Roger W. Jepsen.
David L. Boren.
Howell Heflin.
Alan J. Dixon.
Patrick J. Leahy.
David Pryor.
Paula Hawkins.
Mark Andrews.
Robert J. Dole.
John Melcher.

Appendix I

Farmers Home Administration

FARM LOAN DELINQUENCIES

The Farmers Home Administration (FmHA) is an agency in the Department of Agriculture. It is the Federal government's primary lending agency for farmers. Generally, the agency is a lender of last resort, that is, to qualify for an FmHA loan, the borrower must be unable to obtain credit elsewhere.

The table below provides information on FmHA's delinquency rates for farm borrowers. It should be noted that most farm loans are due on January 1, and, therefore, historically the agency experiences its highest delinquency rate at the beginning of the calendar year. As loans are repaid throughout the year, the delinquency rate will drop.

FmHA does not report its delinquency statistics on the same date each year. This makes it difficult to compare delinquency rates between years. However, the table below was developed from the agency's first delinquency report of the year for each year since 1976. There is clearly a trend toward higher delinquency rates in terms of dollars, number of loans, and percentage of all farm loans.

The inevitable result of successive years of increased delinquency rates will be an increase in the number of forced liquidations initiated by FmHA.

Year and date payments were credited	Amount of delinquent principal (thousands)	Number of delinquent loans	Percent of all farm loans delinquent
1982 Jan. 30	$14,949,319	218,054	51
1981 Mar. 15	9,474,943	146,187	38
1980 Feb. 27	5,280,072	92,294	26
1979 Feb. 7	3,025,691	76,403	26
1978 Feb. 1	2,102,825	74,423	28
1977 Jan. 23	1,603,479	71,587	29
1976 Jan. 15	1,400,351	72,204	29

Changes in Existing Law

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

POTATO RESEARCH AND PROMOTION ACT

Act of January 11, 1971, Public Law 91-670, 84 Stat. 2041, 7 U.S.C. 2611 et seq.

AN ACT To provide authority for promotion programs for milk, tomatoes, and potatoes, and to amend section 8e of the Agricultural Adjustment Act, as reenacted and amended, to provide for the extension of restrictions on imported commodities imposed by such section to imported raisins, olives, and prunes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

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TITLE III—POTATO RESEARCH AND PROMOTION

This title may be cited as the "Potato Research and Promotion Act."

FINDINGS AND DECLARATION OF POLICY

SEC. 302. Potatoes are a basic food in the United States. They are produced by many individual potato growers in every State in the United States. In 1966, there were one million four hundred and ninety-seven thousand acres of cropland in the United States devoted to the production of potatoes. Approximately two hundred and seventy-five million hundredweight of potatoes have been produced annually during the past five years with an estimated sales value to the potato producers of $561,000,000.

Potatoes and potato products move, in a large part, in the channels of interstate commerce, and potatoes which do not move in such channels directly burden or affect interstate commerce in potatoes and potato products. All potatoes produced in the United States are in the current of interstate commerce or directly burden, obstruct, or affect interstate commerce in potatoes and potato products.

The maintenance and expansion of existing potato markets and the development of new or improved markets are vital to the welfare of potato growers and those concerned with marketing, using, and processing potatoes as well as the general economic welfare of the Nation.

Therefore, it is the declared policy of the Congress and the purpose of this title that it is essential in the public interest, through the exercise of the powers provided herein, to authorize the establishment of an orderly procedure for the financing, through adequate assessments on all potatoes harvested in the United States for commercial use, and the carrying out of an effective and continuous coordinated program of research, development, advertising, and promotion designed to strengthen potatoes' competitive position, and to maintain and expand domestic and foreign markets for potatoes produced in the United States.

DEFINITIONS

SEC. 303. As used in this title:

(a) The term "Secretary" means the Secretary of Agriculture.

(b) The term "person" means any individual, partnership, corporation, association, or other entity.

(c) The term "potatoes" means all varieties of Irish potatoes grown by producers in the forty-eight contiguous States of the United States.

(d) The term "handler" means any person (except a common or contract carrier of potatoes owned by another person) who handles potatoes in a manner specified in a plan issued pursuant to this title or in the rules and regulations issued thereunder.

(e) The term "producer" means any person engaged in the growing of five or more acres of potatoes.

(f) The term "promotion" means any action taken by the National Potato Promotion Board, pursuant to this title, to present a favorable image for potatoes to the public with the express intent of improving their competitive positions and stimulating sales of potatoes and shall include, but not be limited to, paid advertising.

AUTHORITY TO ISSUE A PLAN

SEC. 304. To effectuate the declared policy of this title, the Secretary shall, subject to the provisions of this title, issue and from time to time amend, orders applicable to persons engaged in the handling of potatoes (hereinafter referred to as handlers) and shall have authority to issue orders authorizing the collection of assessments on potatoes handled under the provisions of this title, and to authorize the use of such funds to provide research, development, advertising, and promotion of potatoes in a manner prescribed in this title. Any order issued by the Secretary under this title shall hereinafter in this title be referred to as a "plan." Any such plan shall be applicable to potatoes produced in the forty-eight contiguous States of the United States.

NOTICE AND HEARINGS

SEC. 305. When sufficient evidence is presented to the Secretary by potato producers, or whenever the Secretary has reason to believe that a plan will tend to effectuate the declared policy of this title, he shall give due notice and opportunity for a hearing upon a proposed plan. Such hearing may be requested by potato producers or by any other interested person or persons, including the Secretary, when the request for such hearing is accompanied by a proposal for a plan.

FINDING AND ISSUANCE OF A PLAN

SEC. 306. After notice and opportunity for hearing, the Secretary shall issue a plan if he finds, and sets forth in such plan, upon the evidence introduced at such hearing, that the issuance of such plan and all the terms and conditions thereof will tend to effectuate the declared policy of this title.

REGULATIONS

SEC. 307. The Secretary is authorized to make such regulations with the force and effect of law, as may be necessary to carry out the provisions of this title and the powers vested in him by this title.

REQUIRED TERMS IN PLANS

SEC. 308. Any plan issued pursuant to this title shall contain the following terms and conditions:

(a) Providing for the establishment by the Secretary of a National Potato Promotion Board (hereinafter referred to as "the board") and for defining its powers and duties, which shall include powers—

(1) to administer such plan in accordance with its terms and conditions;

(2) to make rules and regulations to effectuate the terms and conditions of such plan;

(3) to receive, investigate, and report to the Secretary complaints of violations of such plan; and

(4) to recommend to the Secretary amendments to such plan.

[(b) Providing that the board shall be composed of representatives of producers selected by the Secretary from nominations made by producers in such manner as may be prescribed by the Secretary. In the event producers fail to select nominees for appointment to the board, the Secretary shall appoint producers on the basis of representation provided in such plan.]

(b) Providing that the board shall be composed of representatives of producers and the public appointed by the Secretary from nominations submitted in accordance with this subsection. Representatives of producers shall be nominated by producers in such manner as may be prescribed by the Secretary. Public representatives shall be nominated by the board in such manner as may be prescribed by the Secretary. If producers fail to select nominees for appointment to the board, or the board fails to nominate public representatives, the Secretary may appoint persons on the basis of representation as provided for in such plan.

(c) Providing that board members shall serve without compensation, but shall be reimbursed for reasonable expenses incurred in performing their duties as members of the board.

(d) Providing that the board shall prepare and submit to the Secretary for his approval a budget, on a fiscal period basis, of its anticipated expenses and disbursements in the administration of the plan, including probable costs of research, development, advertising, and promotion.

[(e) Providing that the board shall recommend to the Secretary and the Secretary shall fix the assessment rate required for such costs as may be incurred pursuant to subsection (d) of this section; but in no event shall the assessment rate exceed 1 cent per one hundred pounds of potatoes handled.]

(e) Providing that the board shall recommend to the Secretary and the Secretary shall fix the assessment rate required for such costs as may be incurred under subsection (d) of this section, including any referendum and administrative costs estimated to be incurred by the United States Department of Agriculture under this title: Provided, That the rate of assessment for fiscal year 1982 and each fiscal year thereafter shall not exceed one-half of 1 per centum of the immediate past ten calendar year United States average price received for potatoes by growers as reported by the Department of Agriculture.

(f) Providing that—

(1) funds collected by the board shall be used for research, development, advertising, or promotion of potatoes and potato products and such other expenses for the administration, maintenance, and functioning of the board, as may be authorized by the Secretary, *including any referendum and administrative costs incurred by the Department of Agriculture under this title;*

(2) no advertising or sales promotion program shall make any reference to private brand names or use false or unwarranted claims in behalf of potatoes or their products or false or unwarranted statements with respect to the attributes or use of any competing products; and

(3) no funds collected by the board shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by subsection (a)(4) of this section.

(g) Providing that, notwithstanding any other provisions of this title, any potato producer against whose potatoes any assessment is made and collected under authority of this title and who is not in favor of supporting the research and promotion program as provided for under this title shall have the right to demand and receive from the board a refund of such assessment: *Provided*, That such demand shall be made personally by such producer in accordance with regulations and on a form and within a time period prescribed by the board and approved by the Secretary, but in no event less than ninety days, and upon submission of proof satisfactory to the board that the producer paid the assessment for which refund is sought, and any such refund shall be made within sixty days after demand therefor.

(h) Providing that the board shall, subject to the provisions of subsections (e) and (f) of this section, develop and submit to the Secretary for his approval any research, development, advertising or promotion programs or projects, and that any such program or project must be approved by the Secretary before becoming effective.

(i) Providing the board with authority to enter into contracts or agreements, with the approval of the Secretary, for the development and carrying out of research, development, advertising or promotion programs or projects, and the payment of the cost thereof with funds collected pursuant to this title.

(j) Providing that the board shall maintain books and records and prepare and submit to the Secretary such reports from time to time as may be prescribed for appropriate accounting with respect to the receipt and disbursement of funds entrusted to it and cause a complete audit report to be submitted to the Secretary at the end of each fiscal period.

PERMISSIVE TERMS IN PLANS

SEC. 309. Any plan issued pursuant to this title may contain one or more of the following terms and conditions:

(a) Providing authority to exempt from the provisions of the plan potatoes used for nonfood uses, and authority for the board to require satisfactory safeguards against improper use of such exemptions.

(b) Providing for authority to designate different handler payment and reporting schedules to recognize differences in marketing practices and procedures utilized in different production areas.

(c) Providing for the establishment, issuance, effectuation, and administration of appropriate programs or projects for the advertis-

ing and sales promotion of potatoes and potato products and for the disbursement of necessary funds for such purposes: *Provided, however*, That any such program or project shall be directed toward increasing the general demand for potatoes and potato products: *And provided further*, That such promotional activities shall comply with the provisions of section 308(f) of this title.

(d) Providing for establishing and carrying on research and development projects and studies to the end that the marketing and utilization of potatoes may be encouraged, expanded, improved, or made more efficient, and for the disbursement of necessary funds for such purposes.

(e) Providing for authority to accumulate reserve funds from assessments collected pursuant to this title, to permit an effective and continuous coordinated program of research, development, advertising, and promotion in years when the production and assessment income may be reduced: *Provided*, That the total reserve fund does not exceed the amount budgeted for two years' operation.

(f) Providing for authority to use funds collected herein, with the approval of the Secretary, for the development and expansion of potato and potato product sales in foreign markets.

(g) Terms and conditions incidental to and not inconsistent with the terms and conditions specified in this title and necessary to effectuate the other provisions of such plan.

ASSESSMENTS

SEC. 310. (a) Each handler designated by the board, pursuant to regulations issued under the plan, to make payment of assessments shall be responsible for payment to the board, as it may direct, of any assessment levied on potatoes; and such handler may collect from any producer or deduct from the proceeds paid to any producer, on whose potatoes such assessment is made, any such assessment required to be paid by such handler. Such handler shall maintain a separate record with respect to each producer for whom potatoes were handled, and such records shall indicate the total quantity of potatoes handled by him including those handled for producers and for himself, shall indicate the total quantity of potatoes handled by him which are included under the terms of a plan as well as those which are exempt under such plan, and shall indicate such other information as may be prescribed by the board. To facilitate the collection and payment of such assessments, the board may designate different handlers or classes of handlers to recognize differences in marketing practices or procedures utilized in any State or area. No more than one such assessment shall be made on any potatoes.

(b) Handlers responsible for payment of assessments under subsection (a) of this section shall maintain and make available for inspection by the Secretary such books and records as required by the plan and file reports at the times, in the manner, and having the content prescribed by the plan, to the end that information and data shall be made available to the board and to the Secretary which is appropriate or necessary to the effectuation, administration, or enforcement of this title or of any plan or regulation issued pursuant to this title.

(c) All information obtained pursuant to subsections (a) and (b) of this section shall be kept confidential by all officers and employees of the Department of Agriculture and of the board, and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or upon the request, of the Secretary, or to which he or any officer of the United States is a party, and involving the plan with reference to which the information to be disclosed was furnished or acquired. Nothing in this section shall be deemed to prohibit—

(1) the issuance of general statements based upon the reports of a number of handlers subject to a plan if such statements do not identify the information furnished by any person, or

(2) the publication by direction of the Secretary of the name of any person violating any plan together with a statement of the particular provisions of the plan violated by such person.

Any such officer or employee violating the provision of this subsection shall upon conviction be subject to a fine of not more than $1,000 or imprisonment for not more than one year, or both, and shall be removed from office.

PETITION AND REVIEW

SEC. 311. (a) Any person subject to a plan may file a written petition with the Secretary, stating that such plan or any provision of such plan or any obligation imposed in connection therewith is not in accordance with law and praying for a modification thereof or to be exempted therefrom. He shall thereupon be given an opportunity for a hearing upon such petition, in accordance with regulations made by the Secretary. After such hearing, the Secretary shall make a ruling upon the prayer of such petition which shall be final, if in accordance with law.

(b) The district courts of the United States in any district in which such person is an inhabitant, or has his principal place of days from the date of the entry of such ruling. Service of process in *Provided*, That a complaint for that purpose is filed within twenty days from the date of the entry of such ruling. Service of process in such proceedings may be had upon the Secretary by delivering to him a copy of the complaint. If the court determines that such ruling is not in accordance with law, it shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted pursuant to subsection (a) of this section shall not impede, hinder, or delay the United States or the Secretary from obtaining relief pursuant to section 312(a) of this title.

ENFORCEMENT

[SEC. 312. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any plan or regulation made or issued pursuant to this title.

[(b) Any handler who violates any provisions of any plan issued by the Secretary under this title, or who fails or refuses to remit

any assessment or fee duly required of him thereunder shall be subject to criminal prosecution and shall be fined not less than $100 nor more than $1,000 for each such offense.]

SEC. 312. (a) *The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating any plan or regulation made or issued under this title. The facts relating to any civil action authorized to be brought under this subsection shall be referred to the Attorney General for appropriate action: Provided, That nothing in this title shall be construed as requiring the Secretary to refer to the Attorney General violations of this title whenever the Secretary believes that the administration and enforcement of any such plan or regulation would be adequately served by administrative action under subsection (b) of this section or suitable written notice or warning to any person committing such violations.*

(b) (1) Any person who violates any provision of any plan or regulation issued by the Secretary under this title, or who fails or refuses to pay, collect, or remit any assessment or fee duly required of such person thereunder, may be assessed a civil penalty by the Secretary of not less than $500 or more than $5,000 for each such violation. Each violation shall be a separate offense. In addition to or in lieu of such civil penalty the Secretary may issue an order requiring such person to cease and desist from continuing such violations. No penalty shall be assessed or cease and desist order issued unless such person is given notice and opportunity for a hearing before the Secretary with respect to such violation, and the order of the Secretary assessing a penalty or imposing a cease and desist order shall be final and conclusive unless the affected person files an appeal from the Secretary's order with the appropriate United States court of appeals.

(2) Any person against whom a violation is found and a civil penalty assessed or cease and desist order issued under subsection (b) (1) of this section may obtain review in the court of appeals of the United States for the circuit in which such person resides or carries on business or in the United States Court of Appeals for the District of Columbia Circuit by filing a notice of appeal in such court within thirty days from the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record upon which such violation was found. The findings of the Secretary shall be set aside only if found to be unsupported by substantial evidence.

(3) Any person who fails to obey a cease and desist order after it has become final and unappealable, or after the appropriate court of appeals has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review under the procedures specified in susbections (b) (1) and (2) of this section, of not more than $500 for each offense, and each day during which such failure continues shall be deemed a separate offense.

(4) If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or after the apropriate court of appeals has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recov-

ery of the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.".

INVESTIGATION AND POWER TO SUBPENA

SEC. 313. (a) The Secretary may make such investigations as he deems necessary for the effective carrying out of his responsibilities under this title or to determine whether a handler or any other person has engaged or is engaging in any act or practices which constitute a violation of any provision of this title, or of any plan, or rule or regulation issued under this title. For the purpose of any such investigation, the Secretary is empowered to administer oaths and affirmations, subpena witness, compel their attendance, take evidence, and require the production of any books, papers, and documents which are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpena issued to, any person, including a handler, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents; and such court may issue an order requiring such person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by such court as contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or whereupon he may be found. The site of any hearings held under this section shall be within the judicial district where such handler or other person is an inhabitant or has his principal place of business.

(b) No person shall be excused from attending and testifying or from producing books, papers, and documents before the Secretary, or in obedience to the subpena of the Secretary, or in any cause or proceeding, criminal or otherwise, based upon, or growing out of any alleged violation of this title, or of any plan, or rule or regulation issued thereunder on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that any individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

REQUIREMENT OF REFERENDUM

[SEC. 314. The Secretary shall conduct a referendum among producers who, during a representative period determined by the Sec-

retary, have been engaged in the production of potatoes for the purpose of ascertaining whether the issuance of a plan is approved or favored by producers. No plan issued pursuant to this title shall be effective unless the Secretary determines that the issuance of such plan is approved or favored by not less than two-thirds of the producers voting in such referendum, or by the producers of not less than two-thirds of the potatoes produced during the representative period by producers voting in such referendum, and by not less than a majority of the produces voting in such referendum. The ballots and other information or reports which reveal or tend to reveal the vote of any producer or his production of potatoes shall be held strictly confidential and shall not be disclosed. Any officer or employee of the Department of Agriculture violating the provisions hereof shall upon conviction be subject to the penalties provided in paragraph 310(c) above.]

SEC. 314. (a) The Secretary shall conduct a referendum among producers, who during a representative period determined by the Secretary have been engaged in the production of potatoes, for the purpose of ascertaining whether the issuance of a plan is approved or favored by such producers.

(b) No plan issued under this title shall be effective unless the Secretary determines that the issuance of such plan is approved or favored by not less than two-thirds of the producers voting in such referendum, or by the producers of not less than two-thirds of the potatoes produced during the representative period by producers voting in such referendum, and by not less than a majority of the producers voting in such referendum.

(c) The failure of potato producers to approve an amendment to any plan issued under this title shall not be deemed to invalidate such plan.

(d) The ballots and other information or reports which reveal or tend to reveal the vote of any producer or his production of potatoes shall be held strictly confidential and shall not be disclosed. Any officer or employee of the Department of Agriculture violating the provisions hereof shall upon conviction be subject to the penalties provided in section 310(c) above.

SUSPENSION OR TERMINATION OF PLANS

SEC. 315. (a) The Secretary shall, whenever he finds that a plan or any provision thereof obstructs or does not tend to effectuate the declared policy of this title, terminate or suspend the operation of such plan or such provision thereof.

(b) The Secretary may conduct a referendum at any time and shall hold a referendum on request of the board or of 10 per centum or more of the potato producers to determine if potato producers favor the termination or suspension of the plan, and he shall terminate or suspend such plan at the end of the marketing year whenever he determines that such suspension or termination is favored by a majority of those voting in a referendum, and who produce more than 50 per centum of the volume of the potatoes produced by the potato producers voting in the referendum.

AMENDMENT PROCEDURE

SEC. 316. The provisions of this title applicable to plans shall be applicable to amendments to plans.

SEPARABILITY

SEC. 317. If any provision of this title or the application thereof to any person or circumstances is held invalid, the validity of the remainder of this title and of the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION

SEC. 318. There is hereby made available from the funds provided by section 32 of Public Law 320, Seventy-fourth Congress (49 Stat. 774), as amended (7 U.S.C. 612c), such sums as are necessary to carry out the provisions of this title: *Provided*, That no such sum shall be used or the payment of any expenses or expenditures of the board in administering any provision of any plan issued under authority of this title.

EFFECTIVE DATE

SEC. 319. This title shall take effect upon enactment.

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